

SHEEPSCOT
RIVER
INN &
RESTAURANT



OVERLOOKING WISCASSET HARBOR

July 7, 2004

Dear Edgcomb Resident,

My name is Tom Toye and I own the Sheepscot River Inn & Restaurant (Sheepscot) and 30 acres of land along Route 1 on Davis Island. I am writing to you to let you know about steps being taken by the Sheepscot River Inn to bring sewer and water from the Town of Wiscasset to the Inn & Restaurant.

I am proposing an economic partnership with the Town of Edgcomb through the creation of the Davis Island Environmental Protection and Development Tax Increment Financing District ("TIF") to help defray the costs of constructing water and sewer lines from Wiscasset. At the July 5, 2004 Edgcomb Board of Selectmen's meeting, the Selectmen voted to call a Special Town Meeting at the end of August or the beginning of September to vote on the proposed TIF. The Special Town Meeting is required because the opportunity to complete the project is during the river's low-level season between July 15th and September 30th, which the Atlantic Salmon Commission is requiring for completion of the work.

My goal, like the Maine Department of Environmental Protection, is to discontinue the Overboard Discharge (OBD) from the Sheepscot River Inn & Restaurant. An alternative to water and sewer line construction would be the creation of a huge leach field system that would continue to discharge into the river (estimated cost is ~ \$200,000). It just doesn't seem to make sense to spend this much money on a new field that would be a negative visual impact, only handle current needs, continue OBD into the Sheepscot River and not provide for any future economic development opportunities.

Under the proposed TIF existing tax revenues being paid by Sheepscot will continue as they always have. The Davis Island Environmental Protection and Development District project will look to future development possibilities within the TIF district boundary to capture a portion of *new* revenues to help defray the costs of water and sewer construction. I see no down-side to this project. Edgcomb can get water and sewer lines to Davis Island, eliminate OBD into the Sheepscot River and all of the financial risk falls on me. I have no specific future development in mind, so if no future development occurs during the 10-year life of the TIF district then I will not be able to receive a portion of new tax revenues to help cover the costs of the water and sewer project.

To ensure that Edgcomb residents have an opportunity to fully understand this project we have scheduled two public information meetings for 7:00 p.m. on July 20th and August 12th at the Edgcomb Town Hall. I hope you will come to one of these public sessions to have your questions answered. You will see that there is absolutely no risk or liability to the community, only an opportunity to eliminate an OBD into the Sheepscot River, and get water and sewer to the commercial corridor on Davis Island.

Enclosed is an information brochure that details the background of this project and answers many questions about the TIF proposal. I look forward to seeing you on either July 20th or August 12th.

Sincerely,

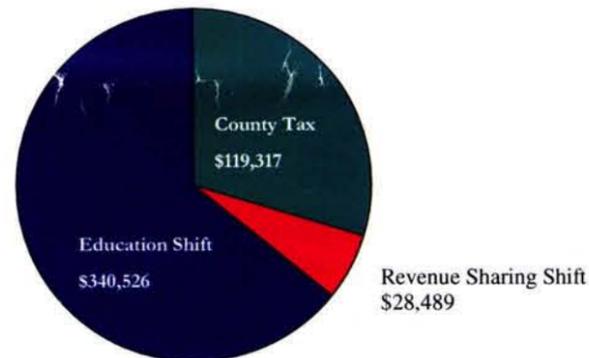
A handwritten signature in black ink, appearing to read "Tom Toye". The signature is fluid and cursive, written over a white background.

Tom Toye
Owner, Sheepscot River Inn

What are the Benefits of Sheltering New Tax Revenue in the TIF District?

Typically, when a Town experiences an increase in valuation, it also experiences a reduction in its share of State revenues and an increase in County taxes. This TIF is set up to be revenue neutral to the Town of Edgecomb. In other words, the Town and School will receive approximately the same amount of funds with the TIF as without it. This is possible because the State of Maine allows communities to shelter new property value in a TIF, thereby avoiding a reduction in State revenues and any increase in County taxes. The shelter benefit is estimated to be \$488,332 over the term of the TIF.

Total Sheltering Benefit
\$488,332



How the Proposed TIF Works?

During the 10-year life of the TIF, new tax revenues will be generated from future development within the TIF District. Sheepscot has estimated the project cost and tax benefits of a possible 30 unit, deed restricted elderly housing project, two (2) 15,000 square foot office buildings (campus-style), and a 10,000 square foot building at the Sheepscot Inn & Restaurant on tax map U5, lots 007 & 004.02. The estimated gross new taxes would be \$1,423,500 over the 10-year life of the TIF. Of the new taxes, an average of approximately 55% will be captured in the TIF District to be used to defray Sheepscot's cost of constructing water and sewer lines from Wiscasset not to exceed the actual cost of the project (estimated at \$850,000). The Town of Edgecomb will receive the remaining 45% of new tax revenues as General Fund revenues. At either the end of the 10-year life of the TIF or payment to Sheepscot equal to the water and sewer construction costs, whichever is earlier, the life of the District will end.

Davis Island Environmental Protection and Development District



PROPOSED TAX INCREMENT FINANCING

between the

TOWN OF EDGECOMB

and

SHEEPSCOT RIVER HOLDINGS I & II, LLC

May 2004

In 2000, Sheepscot River Holdings I, LLC and Sheepscot River Holdings II, LLC ("Sheepscot") negotiated an agreement with the Town of Wiscasset to connect a wastewater line from the Wiscasset waste treatment plant to the Sheepscot River Inn & Restaurant. The agreement, essentially completed, was never signed and Sheepscot withdrew so that the Town of Edgecomb could pursue the connection. Attempts at a connection from Edgecomb to the Wiscasset waste treatment plant have been dormant for the last two years.

Sheepscot currently has an overboard discharge (OBD) license with the DEP for up to 4500 gallons per day of wastewater. While this is usually enough capacity to handle the Inn and Restaurant there could be days during peak season when the total wastewater generated could exceed 4500 gallons per day. To handle the excess flow contingency Sheepscot installed a temporary 8000 gallon tank to which the Sheepscot River Inn & Restaurant could send wastewater on a busy weekend and have it pumped out and hauled off on Monday morning. Sheepscot would remove the tank in the fall. The Maine Department of Environmental Protection ("DEP") wanted a permanent solution for the wastewater and during the fall of 2003 Sheepscot had Sebago Technics design an additional leach field above the current sand filter OBD field. An area just past the Sheepscot River Inn tennis courts on Eddy road. This was approved by DHS in late January of 2004 and put out to bid. Five bids were received ranging from \$155,000-\$203,650. It just didn't seem to make sense to spend this much money on a new field that would only handle current needs and not provide for any future economic development opportunities. In addition, there would be a negative visual impact on the scenic drive along the Eddy Rd. Spending this much money and accomplishing nothing more than creating a large hill on the ground seemed to be the wrong course of action.

On March 25, 2004 Sheepscot met with DEP in Augusta and asked for their support by giving us time to revisit the possibility of sending Sheepscot's wastewater to the Wiscasset treatment plant. DEP was very supportive, recognizing that this was a more expensive solution but it was the best solution, specifically for improving the water quality of the Sheepscot River, and they were willing to wait for the outcome of the effort.

In early April Sheepscot met with the Town of Wiscasset regarding the possibility of reopening negotiations for Sheepscot's connection to the treatment plant. The Town said they preferred to have a treatment plant agreement with Edgecomb rather than the Sheepscot. However, they would be willing to enter into an agreement with Sheepscot, but wanted to involve Edgecomb if possible.

In order to help defray the costs of constructing water and sewer lines, an economic partnership between the Town of Edgecomb and Sheepscot is proposed through the creation of a Municipal Tax Increment Financing District known as the Davis Island Environmental Protection and Development District. This partnership offers the Town of Edgecomb distinct advantages:

- Maintain the existing tax revenues generated by the property;
- Create future economic development opportunities;
- Eliminate a licensed wastewater discharge into the Sheepscot River; and
- Strengthen diversification of the municipal tax base.

What are the economic risks to the Town of Edgecomb?

There is no risk to the Town of Edgecomb. The Tax Increment Financing obligation is for a portion of new tax revenues generated and capped by the actual cost of the water and sewer construction. The Town is not issuing any municipal debt to help finance this project and therefore is not at any risk if investments differ from what is projected.

Is the Town of Edgecomb losing tax dollars?

No. It will gain tax dollars. In fact, without the TIF district there will be no new tax revenues because development cannot occur without the sewer and water project. The Davis Island Environmental Protection and Development District project will look to future development possibilities in the TIF District to capture a portion of *new* revenues to help defray the costs of water and sewer construction. The Town will continue to receive existing tax revenue on the original value, plus approximately 45% of the new revenues generated within the District as General Fund revenues. Sheepscot will capture approximately 55% of the new revenues as TIF revenues to help defray the costs of water and sewer construction.

Will the TIF cause the tax rate to go up?

No. Taxes on the Original Assessed Value of \$28,380 will continue to go into the Town's General Fund. During the 10-year term of the TIF, an average of approximately 45% of the new tax revenues generated annually will go directly into the Town's General Fund. Benefits are based on the amount of investment by Sheepscot and the related increase in assessed value within the TIF District. At the end of the TIF term or when Sheepscot receives payment equal to the cost of water and sewer construction minus any grant money received, whichever is earlier, the Town of Edgecomb will receive all of the new tax revenues above the existing tax revenues on the original value.

Why does Sheepscot need a TIF?

The water and sewer construction project is a huge investment in which Sheepscot will commit significant company equity and is incurring a high level of debt to make the public project happen. The TIF revenues are essential to help defray the construction costs.

TAX INCREMENT FINANCING: *An Overview*

A tax increment financing (TIF) district supports local development by investing "new" tax revenues in job creation or retention and by enticing new long-term investment or rehabilitation of property. By adopting a TIF district, the Town is able to shelter new tax valuation from decreasing the Town's share of General Purpose Aid for Education and municipal revenue sharing and from increasing the Town's County tax payment.

Tax increment financing is a business incentive created by the State of Maine that allows a portion of new property taxes to be captured for specific commercial growth and development projects. More than 70 communities across Maine have benefited from the investment and jobs created by TIF districts. The new revenues from the tax increment financing district can be invested back into public facilities needed to support the development projects. And by adopting a "credit enhancement agreement," a portion of the new revenues may be used to enhance the economic viability of the project.

A TIF *district* is a specific geographic location identified for commercial growth and expansion, or an area identified as blighted and in need of rehabilitation. A *development plan* details the project's objective and public purpose. A *financial plan* outlines the financing mechanism for the improvements, length of the program, and how the revenues from the "captured valuation" are to be distributed.

TIFs in MAINE (a partial list)

Auburn South Auburn Light I&C Park Auburn Mall Lewiston Jct. Road Tambrands, Inc.	Clinton Cooper, Weymouth & Peterson East Millinocket Bowater Inc./Great Northern Paper	Madison Madison Paper Industries Specialty Minerals, Inc.	Scarborough Town Center Eight Corners Enterprise Business Park
Augusta Mall Area JS McCarthy	Easton McCain's Food USA	Mars Hill Fresh Way, Inc./Mars Hill	South Portland Fairchild Semiconductor Corp. National Semiconductor Corp. Cummings Rd Business Park
Baileysville Georgia-Pacific, Inc.	Fairfield M&M Associates	Mechanic Falls NE Public Warehouse	Durastone
Bangor General Electric Co. Main Street Pickering Square Hammond Street Courtyard Jordan's Meats	Falmouth West Falmouth Crossing	North Berwick Hussey Seating Pratt & Whitney Aircraft	Topsham The Highlands Village Candle Bowdoin Mill Bypass North
Bath Bath Iron Works	Farmington Franklin Printing	Old Town Old Town Canoe Co., Inc. The Riverfront Project	Trenton Trenton Business Park Display Concepts The Hinkley Company
Biddeford Biddeford Industrial Park Airport Industrial Park Gooch St. Redevelopment Nissen Bakery Park Lewiston Raceway	Fort Fairfield Atlantic Custom Processors	Pittsfield Edwards Systems Technology Pittsfield Woolen Yarns Land Air Express	Unity Unity Downtown
Bradford LaGrange	Freeport Desert Rd Industrial Park Desert Road & Downtown First Atlantic Corporation Destination Freeport	Portage Lake Maine Woods Co.	Veazie Casco Bay Energy
Brewer East-West Industrial Park #1 Central City Sheet Metal Brewer Automotive Components Lemforder Corp. Bouchard Sports Complex Trans-Tech Industries, Inc.	Gorham Gorham Industrial Park Gorham Energy Project	Portland Auto Europe Nichols-Portland Shipyard Brewing Co. Holt Hall Unum Life Ins. Co.	Waterville Kennedy Drive Upper Main Street
Bridgton Stagecoach, Inc.	Gray Northbrook Country Farm Furniture	Raymond Sable Oaks Portland Natural Gas	Westbrook Southern Container Corp. Glassworld Jordan's Meats Lanco Assembly Systems D&G Machine Products, Inc. J E Goad & Company
Brunswick Bath Road Brunswick Technologies, Inc.	Hollis Poland Spring Water Company	Rockland Van Baalen Pacific Fisher Snowplows Ocean Properties	Wilton Consineau Subdivision Forster Mfg. Co.
Bucksport Champion International	Houlton Smith & Wesson	Rumford Maine Power Asscoaites	Windham North Windham
Caribou South Caribou	Jay Internation Paper Otis Specialty Papers	Saco First Light Technology Transparent Audio JWW Hotels Saco Plaza, LLC	Winslow Crowe Rope Industries
Casco Pipeline	Lewiston Montello Heights Promenade Mall Penmor Lithographers	Sanford Millrock, Inc. US Felt Manufacturing Rainbow Rugs Global Zero Atlantic Precision Products	Yarmouth DeLorme (Global Village)
	Lisbon The Dingley Press Livermore Falls Wausau Paper Otis Mill Inc.		

GENERAL NOTES

1. THE PROPERTY IS LOCATED ON THE TOWN OF EDGECOMB PROPERTY MAP NO. 815 SHOWN AS LOTS 11 AND 12 MAP U-6 SHOWN AS LOT 2. THE PROPERTY IS LOCATED IN THE TOWN OF EDGECOMB SHORELAND ZONE DISTRICT.

2. ALL PLANS AND DEED BOOK AND PAGE REFERENCES ARE TO THE LINCOLN COUNTY REGISTRY OF DEEDS LOCATED IN WASCAMSET, MAINE.

3. PLAN REFERENCES:

A. PROPERTY OF IRVING L. DAVIS AND LAURENCE I. DAVIS, DAVIS ISLAND, EDGECOMB, MAINE DATED MAY 1940 BY M. F. HAYMOND, RECORDED IN PLAN BOOK 3, PAGE 85.

B. PLAN OF CHARLES F. KEEGAN, SR. DATED FEBRUARY 23, 1969 BY KERRALL CHASE ENGINEERING AND SURVEYING, BATH, MAINE RECORDED IN PLAN BOOK 43, PAGE 16.

C. PROPERTY OF LAURENCE I. DAVIS, DAVIS ISLAND, EDGECOMB, MAINE DATED NOVEMBER 1967, SURVEYED BY J. B. DOGGETT, RECORDED IN PLAN BOOK 2, PAGE 77.

D. PROPERTY OF GLADYS DAVIS JOHANNEN AND ROBERT L. DAVIS DATED APRIL 1967 BY J. B. DOGGETT, RECORDED IN PLAN BOOK 2, PAGE 71.

E. STANDARD BOUNDARY SURVEY FOR OCSAP, LTD., U.S. ROUTE ONE, EDGECOMB, MAINE, BY LEIGHTON AND ASSOCIATED SURVEYING AND ENGINEERING, BOOTHBAY, MAINE, DATED MAY 12, 1988, RECORDED IN PLAN BOOK 63, PAGE 24.

F. STATE OF MAINE DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY MAP, STATE HIGHWAY 28, EDGECOMB, MAINE DATED OCTOBER 1980, DOT FILE NO. 8-104, RECORDED IN PLAN BOOK 32, PAGE 16.

4. SURVEY OF PROPOSED CONVEYANCE FROM DAVIS HEIR TO WILLIAM D. LUTON, DAVIS ISLAND, EDGECOMB, MAINE DATED NOVEMBER 3, 1967 BY L. L. BROWN, P.L.S. NO. 225, RECORDED IN PLAN BOOK 46, PAGE 71.

5. THE PARCEL IS SUBJECT TO, BUT NOT LIMITED TO, THE FOLLOWING EASEMENTS AND RIGHT-OF-WAYS OF RECORD:

A. CONSTRUCTION, GRADING AND DRAINAGE RIGHTS AS SHOWN ON THE MAINE DEPARTMENT OF TRANSPORTATION PLANS REFERENCED IN NOTE 4F AND AS DESCRIBED IN A NOTICE OF LAYOUT AND TAKING, DATED APRIL 10, 1980, RECORDED IN BOOK 1967, PAGE 8 AND ALSO AN EASEMENT GRANTED BY LAURENCE I. DAVIS TO THE STATE OF MAINE DATED NOVEMBER 21, 1968, RECORDED IN BOOK 46, PAGE 48.

B. RIGHTS OF FIRST REFUSAL FROM CHARLES F. KEEGAN, SR. TO CHAPE RESTAURANT CORPORATION DATED DECEMBER 30, 1991, RECORDED IN BOOK 1740, PAGE 17.

GENERAL NOTES (CONT.)

C. EASEMENT GRANTED TO NEW ENGLAND TELEPHONE & TELEGRAPH COMPANY BY DAVIS DATED SEPTEMBER 10, 1930 RECORDED IN BOOK 136, PAGE 30. EASEMENT FROM DAVIS TO NETAT, DATED JULY 21, 1931, RECORDED IN BOOK 386, PAGE 433. EASEMENTS FROM DAVIS TO NETAT DATED MAY 27, 1934, RECORDED IN BOOK 316, PAGES 246 AND 248.

D. EASEMENTS GRANTED TO CENTRAL MAINE POWER COMPANY DATED MAY 11, 1960, RECORDED IN BOOK 545, PAGE 25. EASEMENT FROM HAGGETT TO CENTRAL MAINE POWER COMPANY DATED JULY 25, 1960, RECORDED IN BOOK 651, PAGE 253 AND EASEMENT DEED FROM HALL TO CENTRAL MAINE POWER COMPANY DATED JULY 17, 1960, RECORDED IN BOOK 638, PAGE 106.

E. AN UNRECORDED SEWER LINE EASEMENT ACROSS THE SO-CALLED "INN PROPERTY" FROM THE EDDY ROAD TO THE SHEEPSCOT RIVER (LOCATION UNKNOWN).

F. THE PARCEL MAY BE SUBJECT TO RIGHTS OF OTHERS IN AND OVER THE EXISTING TOTE ROADS SHOWN HEREON.

G. THE PARCEL IS BENEFITED BY, BUT NOT LIMITED TO, THE FOLLOWING EASEMENTS AND RIGHTS:

A. PARKING LOT EASEMENT AND RIGHTS OF FIRST REFUSAL BETWEEN LAURENCE I. DAVIS, JAMES A. HALL AND CHARLES F. KEEGAN, SR. DATED MARCH 8, 1969 AND RECORDED IN BOOK 631, PAGE 81 AND BOOK 631, PAGE 85.

B. EASEMENT DEED FROM JAMES A. HALL, PRO LUMBER, SR. TO CHARLES F. KEEGAN, SR. DATED MARCH 1, 1969, RECORDED IN BOOK 539, PAGE 230.

C. EASEMENT INCLUDED WITHIN THE DEED OF LAURENCE I. DAVIS TO CHARLES F. KEEGAN, SR. DATED MARCH 1, 1969, RECORDED IN BOOK 539, PAGE 230.

1. THE 1967 FLOOD ZONE MAP SHOWS A 100-YEAR FLOOD WAVE WITH A WAVE HEIGHT OF 1.5 FEET ABOVE THE 1967 FLOOD ZONE MAP. THE 1967 FLOOD ZONE MAP IS BASED ON THE 1967 FLOOD ZONE MAP. THE 1967 FLOOD ZONE MAP IS BASED ON THE 1967 FLOOD ZONE MAP. THE 1967 FLOOD ZONE MAP IS BASED ON THE 1967 FLOOD ZONE MAP.

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4. MONUMENTS NOT SET ALONG THE TIE LINES AT CORNERS OF THE ROAD, RIGHT-OF-WAY.

5. NO DETAILS DRAWN ON MONUMENTATION OF ROAD.

6. NO NEW DEED DESCRIPTION HAS BEEN PREPARED.

7. BEARINGS SHOWN HEREON ARE MAGNETIC NORTH OF 1960 BASED ON THE PLAN REFERENCED IN NOTE 4A.

8. THE AREA OF THE PARCEL, EASTERNLY OF EDDY ROAD, IS A CORNER MORE OR LESS, BASED ON THE PLAN REFERENCED IN NOTE 4B. THE AREA OF THE PARCEL, WESTERNLY OF EDDY ROAD, WITHIN THE TIE LINES SHOWN HEREON IS 2.0 ACRES, MORE OR LESS. OWNERSHIP ON BOTH PARCELS EXTENDS TO MEAN LOW WATER.

PROPERTY LINE DATA

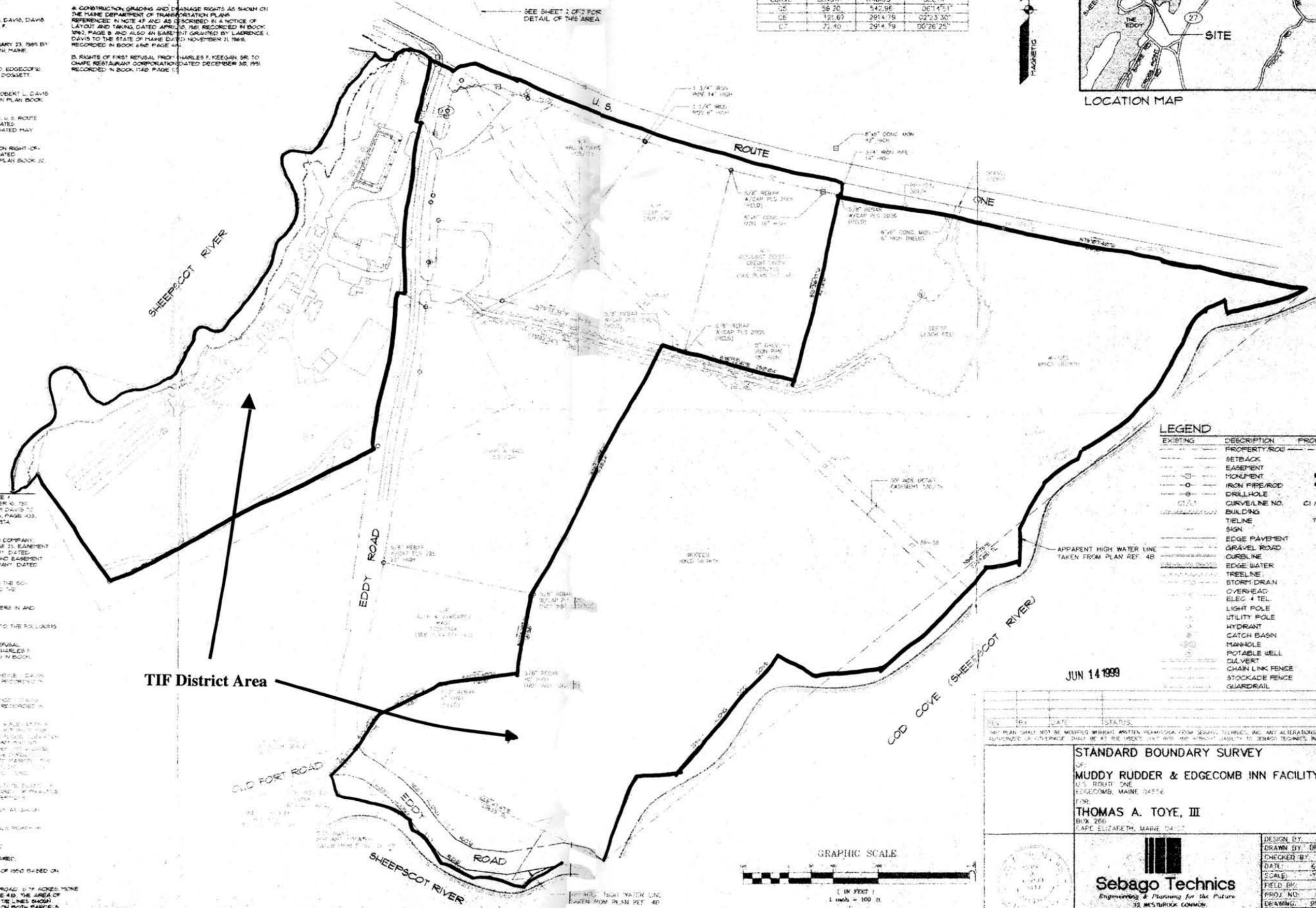
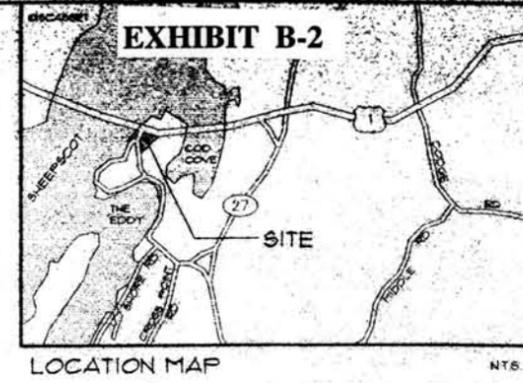
LINE	DIRECTION	DISTANCE
17	N75°22'41"W	43.86'

LEASE LINE DATA

LINE	DIRECTION	DISTANCE
L5	S19°39'54"W	5.00'
L6	S7°00'10"E	58.52'

LEASE LINE CURVE DATA

CURVE	LENGTH	RADIUS	DELTA
CE	58.20	542.96	06°14'51"
CB	121.67	2914.79	02°23'30"
CF	72.40	2914.79	00°26'25"



TIF District Area

LEGEND

EXISTING	DESCRIPTION	PROPOSED
---	PROPERTY/ROAD	---
---	SETBACK	---
---	EASEMENT	---
---	MONUMENT	---
---	IRON PIPE/ROD	---
---	DRILLHOLE	---
---	CURVE/LINE NO.	CI / LI
---	BUILDING	---
---	TIE LINE	TL
---	SIGN	---
---	EDGE PAVEMENT	---
---	GRAVEL ROAD	---
---	CURBLINE	---
---	EDGE WATER	---
---	TREELINE	---
---	STORM DRAIN	---
---	OVERHEAD	---
---	ELEC. TEL.	---
---	LIGHT POLE	---
---	UTILITY POLE	---
---	HYDRANT	---
---	CATCH BASIN	---
---	MANHOLE	---
---	POTABLE WELL	---
---	CULVERT	---
---	CHAIN LINK FENCE	---
---	STOCKADE FENCE	---
---	GUARDRAIL	---



JUN 14 1999

STANDARD BOUNDARY SURVEY
OF
MUDDY RUDDER & EDGECOMB INN FACILITY
U.S. ROUTE ONE
EDGECOMB, MAINE 04556
FOR
THOMAS A. TOYE, III
BOX 260
CAPE ELIZABETH, MAINE 04107

DESIGN BY: [Signature]
DRAWN BY: DRJ/MAL
CHECKED BY: DRJ
DATE: 6-4-99
SCALE: 1"=100'
FIELD BY: [Signature]
PROJ. NO.: 99254
DRAWING: 99254BC
SHEET 1 OF 2

Sebago Technics
Engineering & Planning for the Future
32 WESTBROOK COMMON
WESTBROOK, ME 04095-1335
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