
CREDIT ENHANCEMENT AGREEMENT

Between

TOWN OF EDGECOMB, MAINE

And

EDGECOMB DEVELOPMENT, LLC

DATED: July 18, 2005

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EXHIBITS

Exhibit 1 -- Exhibit I to the Development Program

Exhibit 2 -- Record drawings for water and sewer crossing of Sheepscot River, Wiscasset to Davis Island, July _____, 2005.

Exhibit 3 -- Agreement Between The Towns of Edgecomb and Wiscasset and Woodard & Curran, Inc. For Engineering Services, dated January --, 2005

Exhibit 4 -- List of All Design Firms, Contractors, Subcontractors And Major Suppliers on The Project

**LIST OF DESIGN FIRMS, CONTRACTORS, SUBCONTRACTORS &
MAJOR SUPPLIERS**

As referenced in Section 8.14(g) of the Credit Enhancement Agreement Between Town of
Edgecomb, Maine and Edgecomb Development, LLC

Contractor:

**** Chesterfield Associates, Inc.**
56 South Country Road
P.O. Box 1229
Westhampton Beach, NY 11978
Attn: E. Davies Allan, President

Design Firm:

**** Sebago Technics, Inc.**
1 Chabot Street
P.O. Box 1339
Westbrook, ME 04098
Attn: Don McElhinney

Subcontractors:

Enterprise Trenchless Technologies, Inc.
46 Capital Avenue
Lisbon Falls, ME 04252

**** Mid-Coast Energy Systems**
P.O. Box 118
Damariscotta, ME 04543

Drilling & Blasting Rock Specialists, Inc.
RR 5, Box 695A
Gardiner, ME 04345

Suppliers:

**** American Concrete Ind. Inc.**
1717 Stillwater Avenue, Box 100
Veazie, ME 04401

Precast Concrete Products of Maine, Inc.
P.O. Box 307, 201 Augusta Road
Topsham, ME 04086



**** Everett J. Prescott, Inc.
P.O. Box 600
Gardiner, ME 04345**

**Vari-tech, LLC
4545 Wetzel Road
Liverpool, NY 13090**

**Thomas J. Anthoine, Inc.
647 Pleasant Street
Lewiston, ME 04240**

**Baco Enterprises, Inc.
1190 Longwood Avenue
Bronx, NY 10474**

**Barnes Pipe & Steel Supply
5520 Telegraph Road
St. Louis, MO 63129**

**Holbrook Plastic Pipe Supply, Inc.
790 Grundy Avenue
Holbrook, NY 11741**

**** Lien Waiver Certificates to be provided upon final completion of the project.**

EXHIBIT I
EDGECOMB DEVELOPMENT LLC PROJECT COST CATEGORIES

Authorized project costs incurred in the construction of the water and sewer lines shall be limited to the actual out-of-pocket costs expended by Edgcomb Development LLC or its assigns (the Company) in the following cost categories. Total reimbursements to Company shall be limited to 1.25 million dollars in actual out-of-pocket costs, plus the financing costs of any of the \$1.25 million dollar costs that were financed by a third-party lender. The Company may use its share of the TIF Revenues to reimburse itself for these costs. The Company shall provide the Town with evidence of its actual out-of-pocket expenditures as part of any reimbursement request, as provided in the Credit Enhancement Agreement:

- I. Design & Permitting**
 - Engineering Fees
 - Permit Fees (not including sewer impact fees)
- II. Construction**
 - Construction contract awarded to Chesterfield Associates
 - Change Orders
- III. Construction Contingency**
 - Includes, but not limited to, any required design changes required by Wiscasset Water District and/or Town of Wiscasset
- IV. Expert Fees Paid to Town of Edgcomb**
 - Town's Attorney Fees
 - Town's Engineering Fees
- V. Modifications to Project to Meet Town of Edgcomb Requirements**
 - Upgrade of forced sewer main from 4" to 6" line
 - Upgrade of water line from 8" pipe to 12" pipe
 - "Y" connection & stub for sewer line
 - Extension of sewer line to Eddy Road during initial phase of construction
 - Future construction of sewer line from Company's sewage pump station to Town's pump station and modifications to Company's pump station to pump sewage to Town's new pump station, if accepted by the Town as part of the Town's public sewer system. Reimbursement shall not be paid with respect to private connection lines or other facilities to be retained in the Company's ownership. The Town may decline to accept any private connection line or other facility not needed as a component of the Edgcomb public sewer system.
- VI. Construction Phase Engineering**
 - Inspection and oversight of Construction, including Town inspection fees
 - Potential Design Changes
- VII. Administrative Costs**
 - Attorney fees related to the establishment of the TIF District
 - Professional fees related to transfer of water & sewer lines and utility easements
 - Consulting fees related to the establishment of the TIF District
- VIII. Financing Costs**
 - Cost of Financing directly related to any and all of the allowable costs included in this Exhibit I

EXHIBIT

1

THIS CREDIT ENHANCEMENT AGREEMENT dated as of July 18, 2005, by and between the Town of Edgecomb, Maine (the "Town"), a municipal corporation and political subdivision of the State of Maine, and Edgecomb Development, LLC, a Maine limited liability company with its principal office at Portland, Maine (hereinafter the "Developer" or "Company"),

WITNESSETH THAT

WHEREAS, the Town has designated the Davis Island Environmental Protection Development District 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 voters at a special town meeting on November 4, 2004 (the "Vote") and pursuant to the same Vote adopted a development program and financial plan for the District (the "Development Program"), and authorized the Board of Selectmen to execute this Agreement; and

WHEREAS, the Town has submitted the Development Program to the Maine Department of Economic and Community Development for the Department's review and approval of the designation of the District and the Development Program, which approval was granted on March 28, 2005; and

WHEREAS, the Development Program contemplates the execution and delivery of this credit enhancement agreement between the Town and the Developer, and pursuant to the Development Program the Board of Selectmen has been given responsibility for all matters relating to the District; and

WHEREAS, on October 14, 2004, the Developer, Edgecomb Development, LLC, purchased all interests of Sheepscoot River Holdings I, LLC and Sheepscoot River Holdings II, LLC in the Sheepscoot River Inn properties comprising the District, consisting of properties depicted in the Town of Edgecomb's tax maps as Map U5, Lots 007 and 004.02; and

WHEREAS, the Town and the Developer desire and intend that this Credit Enhancement 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:

“Act” means chapter 206 of Title 30-A of the Maine Revised Statutes and regulations adopted thereunder, as amended from time to time.

“Actual Infrastructure Improvement Costs” means actual costs expended by the Developer on the Infrastructure Improvements, including costs identified in Exhibit I to the Development Program in items I through VII. A true and accurate copy of Exhibit I to the Development Program is attached to this Agreement as Exhibit 1.

“Affiliated Entity” means any corporation, partnership, limited liability company, or other legal entity owning or holding one percent (1%) or greater equity interest in the Developer, or in which the Developer or any Owner or Investor of the Developer owns or holds one percent (1%) or greater equity interest.

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

“Captured Assessed Value” means the amount, stated as a percentage, of Increased Assessed Value of the Property that is retained in the District and used to fund or reimburse project costs contained within the Development Program in each Tax Year during the term of the District, as specified in Section 2.3 hereof. For purposes of the present Agreement, Captured Assessed Value for each Tax Year during the term of the District shall be equal to One hundred percent (100%) of the Increased Assessed Value for that Tax Year in excess of \$1,424,590.

“Commissioner” means the Commissioner of the Department.

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

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

“Developer” shall have the meaning given such term in the first paragraph hereto.

“Developer Financing Costs” means all amounts actually paid by the Developer to a bona fide third-party lender as interest on debt obligations incurred by the Developer to finance construction of the Infrastructure Improvements, including costs identified in Exhibit I to the Development Program, items I through VII. Developer Financing Costs shall not include any amounts paid to any Owner or Investor or Affiliated Entity of the Developer. Developer Financing Costs eligible for reimbursement under this Agreement in any one year shall be limited to an amount equal to the Developer’s Actual Interest Rate multiplied by the principal balance outstanding on such debt obligations at the start of the year concerned.

“Developer Project” means the design, planning, development and construction of the Infrastructure Improvements, as described in the Development Program.

“Developer Project Costs” means all expenses incurred and actually paid by the Developer within the project cost categories defined in Exhibit I to the Development Program, items I through VII, minus any grant money received to fund the Developer Project, plus **“Developer Financing Costs”** as defined above.

“Developer Project Cost Subaccount” means the project cost subaccount in the Project Cost Account of the Development Program Fund for the District, and designated for payments to the Developer, as described in the Financial Plan Section of the Development Program and established and maintained pursuant to Article II hereof.

“Developer Tax Increment Revenues” shall mean in each Tax Year fifty-five percent (55%) of the amount paid to the Town for that Tax Year as Property Taxes on the Captured Assessed Value of Property in the District.

“Developer’s Actual Interest Rate” shall mean the interest rate Developer has secured from a bona fide third-party lender for debt obligations incurred by the Developer to refinance construction of the Infrastructure Improvements. Developer’s Actual Interest Rate for purposes of this Agreement shall not exceed the Maximum Interest Rate as defined below.

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

“Development Program Fund” means the Davis Island Environmental Protection and Development District Program Fund described in the Financial Plan section of the Development Program and established and maintained pursuant to Article II hereof.

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

“Effective Date” means March 28, 2005, the date of approval of the District and the Development Program by the Commissioner pursuant to the Act.

“Engineering Inspection Costs” means those activities described in **“Exhibit B – Scope of Work,”** which is an exhibit to the Agreement Between The Towns of Edgecomb and Wiscasset and Woodard & Curran, Inc. For Engineering Services, dated January --, 2005, a true and complete copy of which is attached hereto as Exhibit 2.

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

“Fiscal Year” means July 1 to June 30 each year or such other fiscal year as the Town may from time to time establish.

“Future Project” means the construction and/or development of improvements on the Property, except that the Infrastructure Improvements described herein and in the Development Program shall not be considered a **“Future Project”**.

“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.

“Infrastructure Improvements” means the twelve-inch (12”) water main and related improvements that will be installed between the Wiscasset Water District and the Property, and the six-inch (6”) forced sewer main and related improvements to be installed between the Town of Wiscasset’s Wastewater Treatment Plant and the Property.

“Maximum Interest Rate” means twelve and one-half percent (12.5%) per annum until the total assessed value of the Property reaches \$8,800,000 or three years after the date of this Agreement, whichever is sooner, at which time the Maximum Interest Rate shall mean a fluctuating interest rate per annum equal to the rate of interest published in The Wall Street Journal as the Prime Rate or the base rate on corporate loans posted by at least 75% of the nation’s thirty (30) largest banks (“Prime Rate”), as it may vary, plus three percent (3%) per annum, subject to change of rate in accordance with changes in the Prime Rate; such adjustments in rate to be made automatically and effective immediately with all changes in the Prime Rate.

“Original Assessed Value” means \$1,594,540, the assessed value of the Property as of March 31, 2004.

“Other Property” Means real and personal property now owned or hereafter acquired by the Developer in the Town of Edgecomb, located outside of the District.

“Owner or Investor” means any person, corporation, partnership, limited liability company or other legal entity owning or holding a one percent (1%) or greater equity interest in the Developer.

“Project Cost Account” means the project cost account described in the Financial Plan Section of the Development Program and established and maintained pursuant to Article II hereof.

“Property” means the real property located within the District as of November 4, 2004, and further identified on the Town of Edgecomb’s Tax Map U5 at Lots 007 and 004.02, including taxable personal property now or later located on said lots, regardless of whether the real or personal property located within the District is owned by the Developer.

“Property Taxes” means any and all ad valorem property taxes levied, charged or assessed against any taxable property located in the District by the Town, or on its behalf.

“Retained Tax Increment Revenues” means that portion of the Tax Increment Revenues retained by the Town for Development Program purposes pursuant to the terms of the Development Program. It is the parties’ intention that 100% of the “Tax Increment Revenues” as defined below shall be retained as “Retained Tax Increment Revenues”.

“State” means the State of Maine.

“Tax Increment Revenues” means that portion of all real and personal property taxes assessed upon the Captured Assessed Value of the Property in the District in any Tax Year by the Town, in excess of any state, county or special district tax, and actually paid to the Town.

“Tax Payment Date” means the date(s) on which property taxes levied by the Town are due and payable from owners of property located within the Town.

“Town” shall have the meaning given such term in the first paragraph hereto.

“Town of Edgecomb Project Cost Subaccount” means the project cost subaccount in the Project Cost Account of the Development Program Fund for the District, and designated for payments to the Town, as described in the Financial Plan Section of the Development Program and established and maintained pursuant to Article II hereof.

“Town Tax Increment Revenues” shall mean in each Tax Year forty-five percent (45%) of the amount paid to the Town for that Tax Year as Property Taxes on the Captured Assessed Value of the Property in the District.

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 approvals, consents and acceptances required to be given or made by any signatory hereto shall not be withheld unreasonably, provided, however, that nothing in this clause (e) shall affect the obligation of the Developer to document and establish the amount of Actual Infrastructure Improvement Costs.

(f) All notices to be given hereunder shall be given in writing and, unless a certain number of days is specified, within a reasonable time.

(g) 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.

ARTICLE II

DEVELOPMENT PROGRAM FUND AND FUNDING REQUIREMENTS

Section 2.1. Creation of Development Program Fund.

Within sixty (60) days after the date this agreement is signed, the Town shall create and establish a segregated fund in the name of the Town designated as the "Davis Island Environmental Protection Development District Program Fund" (hereinafter the "Development Program Fund") pursuant to, and in accordance with the terms and conditions of, the Development Program and 30-A M.R.S.A. § 5227(3), as amended from time to time. The Development Program Fund shall consist of a Project Cost Account that is pledged to and charged with the payment of project costs as outlined in the Financial Plan of the Development Program and as provided in 30-A M.R.S.A. § 5227(3)(A)(1), as amended from time to time. The Project Cost Account shall include two subaccounts designated as the "Developer Project Cost Subaccount" and "Town of Edgecomb Project Cost Subaccount".

Section 2.2. Liens.

The Town shall not create any liens, encumbrances or other interests of any nature whatsoever, nor shall it hypothecate the Developer Project Cost Subaccount described in Section 2.1 hereof or any funds therein, other than the interest in favor of the Developer hereunder in and to the amounts on deposit, provided, however, that nothing herein shall prohibit the creation of property tax liens on property in the District in accordance with and entitled to priority pursuant to Maine law.

Section 2.3. Captured Assessed Value; Deposits into Development Program Fund.

Each year during the term of this Agreement, the Town shall retain in the District one hundred percent (100%) of the Increased Assessed Value in excess of \$1,424,590 as Captured Assessed Value.

Each year during the term of this Agreement, the Town shall deposit into the Development Program Fund contemporaneously with each payment of property taxes paid on the Property within the District an amount equal to one hundred percent (100%) of the Tax Increment Revenues as Retained Tax Increment Revenues. The Town shall allocate fifty-five percent (55%) of the Retained Tax Increment Revenues so deposited into the Development Program Fund to the Developer Project Cost Subaccount.

Section 2.4. Use of Monies in Development Program Fund.

All monies in the Development Program Fund that are allocable to and/or deposited in the Developer Project Cost Subaccount shall in all cases be used and applied to fund fully the Town's payment obligations to Developer described in Articles II and III hereof.

Section 2.5. Monies Held in Segregated Account.

All monies required to be deposited with or paid into the Developer Project Cost Subaccount under the provisions hereof and the provisions of the Development Program, and any investment earnings thereon, shall be held by the Town for the benefit of the Developer.

**ARTICLE III
PAYMENT OBLIGATIONS**

Section 3.1. Developer Payments.

(a) Subject to Developer's prior compliance with section 8.14 below, the Town agrees to pay Developer, within fifteen (15) days following each Tax Payment Date or the date payment of property taxes for the Property in the District is actually received by the Town, whichever is later, all amounts then on deposit in the Developer Project Cost Subaccount, provided that such payment shall not exceed the amount needed to reimburse the Developer for Developer Project Costs or Developer Financing Costs, minus any grant money received to fund the Developer Project, as further provided in this Section 3.1. The obligation of the Town to make such payments shall be a limited obligation payable solely out of monies actually on deposit in or available from Tax Increment Revenues for deposit to the Development Program Fund and shall not constitute a general debt or obligation on the part of the Town 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 any political subdivision thereof.

(b) Prior to any disbursement of funds to the Developer pursuant to this Section 3.1, the Developer shall present a statement of its actual Developer Project Costs incurred through the date of the statement to the Board of Selectmen, with copies of all invoices and such other documentation of such Developer Project Costs as may be required by the Town. A final statement of Developer Project Costs shall be submitted to the Town not later than one year after completion of the Infrastructure Improvements. Annually thereafter, Developer shall submit for reimbursement a statement of the additional Developer Financing Costs incurred and paid during the preceding year, together with a bank interest statement or such other documentation as may be required by the Town.

During the first year of this Agreement only, the Town may in its discretion require the Developer's statement of actual Developer Project Costs and the annual statement of Developer Financing Costs to be audited by a qualified construction project auditor, CPA or accounting firm of the Town's selection. The Town shall arrange for any such audit to be completed within sixty (60) calendar days following submission by the Developer of the statement concerned.

Developer shall fully cooperate with any such audit and shall promptly make all requested books, project records and other supporting documentation requested by the Town's auditor available for the auditor's inspection. In the event of an audit and subject to the provisions of section 8.13 below concerning dispute resolution, reimbursement of Developer Project Costs and Developer Financing Costs under this Agreement shall be limited to those costs certified by the Town's auditor as having been actually incurred and expended by the Developer. The Developer shall promptly reimburse, on the Town's invoice, all reasonable costs of any audit required by the Town, provided that any Town audit costs reimbursed by the Developer shall be added to the Developer Project Costs for purposes of future Developer reimbursement requests. After the first year of this agreement, the Town shall conduct any additional or future audits at its own expense and Developer shall have no obligation whatsoever to reimburse the Town for any such audit.

In the event the Developer enters into a contract with any Owner or Investor or Affiliated Entity of the Developer for construction of all or any portion of the Developer Project, the maximum amount that may be reimbursed to the Developer for such contractor's general overhead, home office expense and profit shall be limited to fifteen percent (15%) of the total consideration paid by the Developer under such contract.

In no event shall total reimbursements to the Developer for Developer Project Costs, excluding Developer Financing Costs, exceed \$1,250,000.

It is a further condition of this Agreement that in any Fiscal Year in which the Town's total reimbursements to the Developer under this Agreement exceed the Developer financing Costs for the Fiscal Year concerned, the Developer must apply an amount equal to the excess payment amount to reduction of principal owed by the Developer on Developer's then-outstanding indebtedness for construction of the Infrastructure Improvements. The Town's reimbursement of Developer financing Costs for the subsequent Fiscal Year shall be calculated based on the reduced principal balance.

(c) In the event that the amount deposited into the Developer Project Cost Subaccount is insufficient to reimburse the Developer for its Developer Project Costs incurred to date, the amount of the unreimbursed Developer Project Costs 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, and the Developer shall have the right to enforce such limited obligation of the Town as provided in Section 3.2 of this Agreement. If at any time following the time for submission of the final statement of Developer Project Costs pursuant to Section 3.1(b), the amount on deposit in the Developer Project Cost Subaccount exceeds the amount of unreimbursed Developer Project Costs, the amount exceeding the unreimbursed Developer Project Costs shall be transferred to the Town of Edgecomb Project Cost Subaccount.

(d) Aggregate reimbursements to the Developer under this Agreement shall in no event exceed the total amounts expended by the Developer as Developer Project Costs and Developer Financing Costs as those terms are defined in this Agreement, and that have been documented as provided in Section 3.1(b) above. Except as provided in Section 7.1 below with respect to collateral assignments for Future Projects, Developer shall apply all reimbursements received by the Developer under this Agreement solely to reimbursement of Developer Project Costs and

Developer Financing Costs or to payment or prepayment of the principal amount of bona fide third-party debt obligations incurred by the Developer to finance Developer Project Costs, and for no other purpose. Developer shall make an annual report to the Town as of June 30th of each calendar year, detailing the Developer's application of the total reimbursement amounts received by the Developer.

(e) If, with respect to any Tax Payment Date, Developer fails to pay any portion of the Property Taxes assessed by the Town to the Developer on those portions of the Property owned by the Developer, because of a valuation dispute or otherwise, the Property Taxes actually paid by Developer with respect to such Tax Payment Date shall be applied, first, to Property Taxes due on account of Original Assessed Value; second, to Property Taxes due on the first \$1,424,590 of Increased Assessed Value; and third, to payment of Property Taxes with respect to the Captured Assessed Value, 55% of which shall be Developer Tax Increment Revenues and the other 45% of which shall be Town Tax Increment Revenues.

(f) If, with respect to any Tax Payment Date, the Developer fails for any reason to pay in full any real or personal property taxes assessed by the Town against Other Property now or hereafter owned by the Developer located outside of the District, the Town may reduce its reimbursement to the Developer under Section 3.1(a) above for that Tax Year by the unpaid amount of such tax; provided however that in the event of a pending valuation appeal with respect to such Other Property, the Town's right of setoff under this Section 3.1(e) shall not apply if the Developer has paid the tax amount, if any, required to be paid under Title 36 M.R.S.A. Section 843 to maintain the valuation appeal.

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 item or installment 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 the Town's obligations hereunder, including without limitation the Town's obligation to establish and maintain the Development Program Fund, deposit all Developer Tax Increment Revenues into the Developer Project Cost Subaccount 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 at the address specified in Section 8.7 hereof in the manner provided hereinabove for the Developer's own use and benefit by check drawn on the Town.

Section 3.4. Obligations Unconditional.

Subject to Developer's compliance with the terms and conditions of this Agreement and subject to the provisions of section 3.5 below, the obligations of the Town to make the payments described in this Agreement in accordance with the terms hereof shall be absolute and

unconditional, and the Town shall not suspend or discontinue any payment hereunder or terminate this Agreement for any cause, other than by court order or by reason of a final judgment by a court of competent jurisdiction that the District is invalid or otherwise illegal, or as provided in Section 3.1(d) and (e) above.

Section 3.5. Limited Obligation.

The Town's obligations of payment hereunder shall be limited obligations of the Town payable solely from Retained Tax Increment Revenues 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 that portion of Retained Tax Increment Revenues payable to Developer hereunder, whether or not actually deposited into the Developer Project Cost Subaccount in the Development Program Fund 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 Town's obligation to levy property taxes upon the Property and the pledge of 55% of the Retained Tax Increment Revenues established under this Agreement.

ARTICLE IV PLEDGE

Section 4.1. Pledge of Developer Project Cost Subaccount.

In consideration of this Agreement and other valuable consideration 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 pledge to the Developer the Developer Project Cost Subaccount described in Section 2.1 hereof and all sums of money and other securities and investments therein.

Section 4.2. Perfection of Interest.

To the extent deemed necessary or desirable by the Developer, the Town will at such time and from time to time as requested by Developer establish the Developer Project Cost Subaccount described in Section 2.1 hereof as a segregated fund under the control of an escrow agent, trustee or other fiduciary so as to perfect Developer's interest therein. The cost of establishing and monitoring such a fund shall be borne exclusively by the Developer, and shall not be deemed part of the Developer Project Costs or Developer Financing Costs. In the event such a fund is established under the control of an escrow agent, trustee or other fiduciary the Town shall cooperate with the Developer in causing appropriate financing statements and continuation statements naming the Developer as pledgee of all such amounts from time to time on deposit in the fund 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.

In the event the Developer requires the Town to place the Developer Project Cost Subaccount or funds on deposit therein under the control of an escrow agent, trustee or other fiduciary, the Town's payment obligations under this Agreement with respect to the funds concerned shall be limited to payment of the funds to the Developer's designated escrow agent, trustee or other fiduciary. The Town shall have no obligation or liability, financial or otherwise, with respect to further payment of the funds concerned over to the Developer or for the investment decisions, performance or non-performance of such agent, trustee or fiduciary.

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 necessary to carry out the provisions of this Agreement; provided, however, that no such instruments or actions shall operate as a pledge the credit or taxing authority of the Town.

Section 4.4. No Disposition of Developer Project Cost Subaccount.

Except as permitted hereunder, the Town shall not sell, lease, pledge, assign or otherwise dispose, encumber or hypothecate any interest in the Developer Project Cost Subaccount 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 and the Developer relating to the District, the Development Program, the Agreement and the monies, revenues and receipts on deposit or required to be deposited into the Developer Project Cost Subaccount shall at all reasonable times be open to inspection by the Developer and the Town, respectively, by their designated 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 Town to pay any amounts due to Developer when the same shall become due and payable;

(b) Any failure by the Town to make deposits into the Developer Project Cost Subaccount as and when due;

(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, except as otherwise provided in Section 8.14(b) of this Agreement;

(d) If a decree or order of a court or agency or supervisory authority having jurisdiction in the premises or the appointment of a conservator or receiver or liquidator of, any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding up or liquidation of the Town's affairs shall have been entered against the Town or the Town shall have consented to the appointment of a conservator or receiver or liquidator in any such proceedings of or relating to the Town 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 Town or the failure by the Town to have an involuntary 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 Town; and

(e) Any failure by the Developer to pay in full all property taxes lawfully assessed by the Town to the Developer with respect to the Property owned by the Developer within the District or Other Property of the Developers on or before the Tax Due Date with respect to such taxes, except as provided under Title 36 M.R.S.A. Section 843, as amended, with respect to pending valuation appeals.

Section 5.2. Remedies on Default.

Whenever any Event of Default described in Section 5.1 hereof shall have occurred and be continuing, the non-defaulting party, following any applicable cure period, shall have all rights and remedies available to it at law or in equity, including the rights and remedies available to a secured party under the laws of the State of Maine, and may take whatever action as may be 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 non-defaulting party under this Agreement and any documents, instruments and agreements contemplated hereby or to enforce any rights or remedies available hereunder.

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 Events 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 Events of Default be continued or repeated.

Section 5.4. Agreement to Pay Attorneys' Fees and Expenses.

Notwithstanding the application of any other provision hereof, in the event the Town or the Developer should default under any of the provisions of this Agreement, and the nondefaulting party shall require and employ attorneys or incur other expenses or costs for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Town or the Developer herein contained, the defaulting party shall, on demand therefor, pay to the nondefaulting party the reasonable fees of such attorneys and such other reasonable costs and expenses so incurred by the non-defaulting party. In the event the Developer shall become obligated to reimburse the Town for attorneys' fees or costs under this section, such attorneys' fees and costs shall not be deemed to be part of the Developer Project Costs or Developer Financing Costs.

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

Section 6.1. Effective Date and Term.

This Agreement shall remain in full force for a period of up to thirty (30) years from the Effective Date hereof and shall expire on the first occurring of one of the following events: (1) when the Company has received payment of all amounts due to the Developer hereunder and the performance of all obligations on the part of the Town hereunder, or (2) June 30, 2035 unless sooner terminated pursuant to Section 3.4 or any other applicable provision of this Agreement.

Section 6.2. Cancellation and Expiration of Term.

At the acceleration, 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 the Developer may pledge and assign its right, title and interest in, to and under this Agreement as collateral for financing for a Future Project, although no obligation is hereby imposed on the Developer to make such assignment or pledge. Recognizing this possibility, the Town hereby consents and agrees to the pledge and assignment of all the Developer's right, title and interest in, to and under this Agreement and in, and to the payments to be made to Developer hereunder, to third parties as collateral or security for

financing a Future Project under the Development Program, on one or more occasions during the term hereof.

No pledge or assignment of this Agreement shall be effective as against the Town until a written notice thereof has been delivered to and received by the Town, from the Developer, in the manner specified elsewhere in this Agreement for delivery of notices. Following receipt of any such notice, the Town shall have no liability to the Developer for any payment made by the Town in good faith directly to any such pledgee or assignee pursuant to the terms of such pledge or assignment, including any purported exercise of rights thereunder by the pledgee or assignee, whether or not such direct payment is erroneously made. The Town's consent to any such pledge or assignment shall not obligate the Town to make payment to the Developer's pledgee or assignee in circumstances where the Developer, by reason of an uncured breach of the Developer's obligations under this Agreement, would not be entitled to receive such payment directly from the Town.

Section 7.2. Pledge, Assignment or Security Interest.

In connection with any pledge or assignment under section 7.1 above, the Town 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 pledgee or assignee 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 establishment, perfection and protection of its interest herein, provided that no such assignment, pledge agreement, consent or other confirmation shall require or be construed to require the Town to make payment to the Developer's pledgee or assignee in circumstances where the Developer, by reason of an uncured breach of the Developer's obligations under this Agreement, would not be entitled to receive such payment directly from the Town.

Section 7.3. Assignment.

Except as provided in sections 7.1 and 7.2 above, and section 8.1 below, no assignment of any interest in this Agreement by the Developer to a third party shall be valid as against the Town without the prior express written consent of a majority of the Town's Board of Selectmen then in office, which consent shall not be unreasonably withheld or delayed. In the event that an assignment takes place prior to completion of the Infrastructure Improvements, the Selectman may, at their discretion, condition their consent upon the assignee's provision of reasonable additional assurances as to performance of the Developer's obligations hereunder.

ARTICLE VIII MISCELLANEOUS

Section 8.1. Successors.

In the event of the dissolution, merger or consolidation 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 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 with respect to Successors, Assignees and Pledges, 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 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 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 of Officials of the Town.

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.

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; Venue for Suits.

The laws of the State of Maine shall govern the construction and enforcement of this Agreement. Except as provided in section 8.13 below with respect to arbitration of allowable

project costs, any action by either party to construe or enforce any of the terms, conditions, covenants or obligations of this Agreement must be brought, if at all, in the District or Superior Courts of Lincoln County, Maine, and otherwise shall be barred.

Section 8.7. Notices.

All notices, certificates, requests, requisitions or other communications 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:

Board of Selectmen
Town of Edgecomb
P.O. Box 139
16 Town Hall Road
Edgecomb, ME 04556

With a copy to:

Erik Stumpf, Esq.
Eaton Peabody
P.O. Box 460
Dover-Foxcroft, ME 04426

If to the Developer:

Jeff Corbin
Maine Capital Companies
25 Pearl Street 3rd Floor
Portland, ME 04101

With a copy to:

Joan M. Fortin, Esq.
Bernstein, Shur, Sawyer & Nelson
P.O. Box 9729
100 Middle Street
Portland, Maine 04104-5029

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 concurring written consent of all of the parties hereto.

Section 8.9. Benefit of Assignees or Pledgees.

The Town agrees that this Agreement is executed in part to induce assignees or pledgees to provide financing for a Future 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, subject to full performance by the Developer of its obligations hereunder.

Section 8.10. No Joint Venture.

Nothing in this Agreement shall be deemed to create a joint venture, partnership, or similar association between the Town and the Developer.

Section 8.11. No Waiver of Immunities.

Nothing in this agreement shall be deemed in any manner or for any purpose to limit, waive or impair any immunity from judgment or suit or limitation on damages presently enjoyed by the Town in its governmental capacity under provisions of the Maine Tort Claims Act, 14 M.R.S.A. Section 8101 *et seq.*, as amended, or other provisions of law.

Section 8.12. 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 8.13. Dispute Resolution.

Any dispute as to whether any of the Developer's costs are (i) qualified for reimbursement under this Agreement and/or are (ii) actual costs incurred by the Developer, as provided in Section 3.1(b) of this Agreement, shall be settled by binding arbitration by a person mutually selected by the parties, or if the parties are unable to agree, appointed by the court pursuant to 14 M.R.S.A. §§ 5927 *et seq.*

Section 8.14. Project Work.

The Developer and the Town agree, and the Town hereby acknowledges that the Company shall have no obligation to go forward with the Developer's portion of the Development Program. In the event the Developer elects not to go forward with its portion of

the Development Program, the Developer shall promptly notify the Town of its decision, so as to avoid expenditures by the Town in reliance on this Agreement.

In the event the Developer elects to go forward with its portion of the Development Program, the Developer shall use its best efforts to complete the Infrastructure Improvements no later than one year after the date of this Agreement.

The Developer further agrees as follows:

(a) Coordination Required. Developer shall coordinate the location and construction of the Infrastructure Improvements with Woodard and Curran, Inc. as the Town's engineering representative, so as to facilitate construction of related public improvements by the Town.

(b) Compliance with Project Plans. Except as expressly approved by the Town's engineering representative and Board of Selectmen, the Infrastructure Improvements shall be constructed strictly in accordance with the project plans and specifications attached to this Credit Enhancement Agreement as Exhibit 2. It is understood by all parties that installation of the rip rap over the water and sewer lines along the bottom of the Sheepscot River cannot commence until on or about November 1, 2005, based on project permit requirements and Sheepscot River water temperatures. Despite the rip rap having not yet been installed, the Developer shall be allowed to commence use of the sewer line in July 2005 immediately upon the Town's receipt of written verification from Woodard & Curran that the sewer line passed a "final inspection," provided that Developer: (1) transfers title to the sewer line and related improvements to the Town of Edgecomb; (2) provides the Town with an irrevocable letter of credit from a bank in the amount of ~~\$150,000~~ security for Developer's completion of the rip rap as provided below, which letter of credit shall be valid through April 1, 2006; and (3) transfers to the Town of Edgecomb any easements referenced in subsections (c) and (i) of this Section 8.14 and a maintenance easement over Developer's Property in Edgecomb.

Developer shall commence installation of the rip rap on or before November 15, 2005, and shall complete installation of the rip rap on or before April 1, 2006. If installation of the rip rap has not been substantially completed by January 15, 2006, the Town may, in its discretion, take over and complete the project at Developer's expense, and may draw against the letter of credit as necessary for this purpose. It shall not be deemed a default of this Agreement and this Agreement will remain in full force and effect in the event that the Town takes over and completes the installation of the rip rap as provided in this paragraph.

(c) Project Permits, Easements and Submerged Lands Leases. No construction shall commence on the Infrastructure Improvements until all necessary building and environmental permits, easements, submerged land leases and agreements have been obtained or approved. Developer shall be solely responsible for obtaining all required building and environmental permits for this purpose. Developer shall be solely responsible for obtaining an easement from the Town of Wiscasset for that portion of the Infrastructure Improvements that will cross Town of Wiscasset property. Developer shall be solely responsible for obtaining any necessary submerged land leases from the State of Maine.

(d) *Project Inspections.* During construction of the Infrastructure Improvements, Woodard & Curran, Inc., as the Town's engineering representative, shall be afforded full access to the work for the purpose of monitoring compliance with the approved construction plans, including necessary testing for that purpose. Upon completion of the Infrastructure Improvements and prior to transfer of title to the Infrastructure Improvements to the Town, the Town's engineering representative shall conduct a final inspection of the Infrastructure Improvements. The Developer shall promptly cause all deficiencies noted in any preliminary inspection or in the final inspection by the Town's engineering representative to be corrected.

(e) *Inspection Costs.* On or about February 2, 2005, the Developer paid \$42,500 to the Town of Edgecomb to be used to establish an escrow account for the payment of Engineering Inspection Costs incurred by the Towns of Edgecomb and Wiscasset from the engineering firm of Woodard & Curran, Inc. pursuant to the Agreement Between The Towns of Edgecomb and Wiscasset and Woodard & Curran, Inc., attached as Exhibit 3. All funds deposited into escrow that are not required to pay Engineering Inspection Costs shall be returned by the Town of Edgecomb to the Developer within thirty (30) days after submission of the final inspection report. In the event Engineering Inspection Costs exceed the original escrow amount of \$42,500, Developer shall promptly reimburse the additional amount to the Town of Edgecomb on the Town's invoice. All Engineering Inspection Costs paid by the Developer to the Town of Edgecomb, shall be deemed to be part of the Developer Project Costs under this Agreement.

(f) *Other Costs.* Upon execution of this Credit Enhancement Agreement, the Developer shall pay to the Town the sum of \$57,810.15 as a reimbursement of the Town's legal fees and non-inspection engineering costs incurred in connection with the Developer's proposal since the November 2, 2004 special town meeting. Said amount shall be in addition to Engineering Inspection Costs to be paid by the Developer under section 8.14(e) above and to amounts previously paid to the Town by the Developer or its predecessor under a cost reimbursement agreement between the Town and Sheepscot River Holdings I, LLC and Sheepscot River Holdings II, LLC dated September _____, 2004.

All payments by the Developer to the Town under this section 8.14(f) shall be deemed to be "Developer Project Costs" as defined in section 1.1 above.

(g) *Title to Improvements.* Within thirty (30) days after issuance of a satisfactory final inspection report, including inspection of all corrective work, as certified by the Town's engineering representative, the Developer shall transfer title to the Infrastructure Improvements to the Town or to the Town's designee. Title shall be transferred free and clear of any and all mortgages, mechanics liens or other claims. Developer shall deliver to the Town copies of lien waiver certificates from all design firms, contractors, subcontractors and major suppliers on the project, reflecting full payment for their work and supplies. A list of all design firms, contractors, subcontractors and major suppliers on the project is attached hereto as Exhibit 4. Final lien waiver certificates for design firms, contractors, subcontractors and major suppliers who have not finished work on the project shall be supplied to the Town after final completion of the work and full payment. At the time of transfer, the Developer shall deliver one set of "as built" construction drawings to the Town, including a final location plan, and shall assign to the Town all product and construction warranty rights, if any, arising under any equipment or

materials purchase agreements, or the project design and construction contract(s). The Developer shall have no obligation to assert warranties or warranty claims, if any, on behalf of the Town, but shall reasonably cooperate with the Town in the prosecution of any such warranty claim by the Town.

(h) Compatibility with Existing Water and Sewer Systems. Prior to transfer of the Infrastructure Improvements, the Developer shall obtain and provide to the Town written statements from the Town of Wiscasset and the Wiscasset Water District certifying that the sewer and water improvements, respectively, as constructed, meet all construction standards applicable to extensions of their respective systems.

(i) Easements and Leases. Upon of transfer to title to the Infrastructure Improvements to the Town, Developer shall assign to the Town or to the Town’s designee all permits, easements, and submerged land leases obtained by the Developer pursuant to subparagraph 8.14(c) above.

(j) Developer’s Warranty Obligations. If the Town discovers within one year after transfer of title to the Infrastructure Improvements to the Town any deficiencies in materials, construction or workmanship, the Town agrees to fully and completely pursue and exhaust its rights, including any rights of appeals, if any, against design firms, contractors, subcontractors, and suppliers prior to asserting any claims against Developer. The Town may assert any claim that it may have against Developer only after fully and completely exhausting the Town’s rights against any design firms, contractors, subcontractors, and suppliers, including any rights of appeal.

Upon request by the Developer, following the expiration of the one-year warranty period set forth in this Section 8.14(j) of this Agreement, the Town shall issue a letter to the Developer stating either that the Town does not have any claim(s) against the Developer, or stating the nature of any claim(s) that the Town has made or intends to make against Developer arising from any deficiencies in materials, construction or workmanship related to the Infrastructure Improvements.

(k) Reimbursement Condition. The Town’s payment obligations pursuant to Section 3.1 of this Agreement shall be conditioned on the Developer’s prior compliance with this Section 8.14. Upon compliance with all requirements of this Section 8.14, the Town’s Board of Selectmen shall sign a “Certificate of Completeness” verifying that the requirements of Section 8.14 have been satisfied in full. The “Certificate of Completeness” shall be recorded in the Lincoln County Registry of Deeds, with a copy provided to the Developer, and a copy of the same shall be held on file by the Town Treasurer until the termination of this Agreement.

Section 8.15 Charges for Sewer and Water Service; Future Connection Requirements.

(a) General. Nothing in this Agreement shall be deemed to relieve the Developer from payment of non-discriminatory sewer and water connection fees, impact fees, or service fees imposed by the Wiscasset Water District, Town of Wiscasset, Town of Edgecomb, or any public water or sewer utility hereafter created to provide service to Davis Island in the Town of

Edgecomb, for public water and sewer service provided directly or indirectly to the Developer following completion of the Infrastructure Improvements.

(b) Reservation of Wastewater Discharge Capacity. Concurrently with execution of this Agreement, the Town shall execute an interlocal agreement with the Town of Wiscasset for discharge of wastewater from Davis Island via the Infrastructure Improvements to the Town of Wiscasset's wastewater treatment system, for treatment at the Town of Wiscasset's wastewater treatment facility. Said interlocal agreement shall reserve to the Town of Edgecomb a discharge capacity of 51,000 gallons of wastewater per day, monthly average daily flow. Of this amount, 20,000 gallons per day of discharge capacity shall be reserved by the Town of Edgecomb to serve existing and future developments on the Property located within the TIF District.

(c) Impact Fees for Reserved Wastewater Discharge Capacity. Upon execution of this Agreement and as a condition hereof, the Developer shall pay to the Town of Wiscasset the sum of \$129,200 in satisfaction of impact fees to be charged by the Town of Wiscasset to the Town of Edgecomb under said interlocal agreement on the first 20,000 gallons per day of reserved discharge capacity to the Wiscasset sewer system, calculated at the rate of \$6.46 per gallon of reserved daily discharge capacity. The \$129,200 impact fee payment shall not be deemed part of the Developer Project Costs under this Agreement. The Town shall ensure that additional impact fees to be assessed by the Town of Wiscasset with respect to the remaining 31,000 gallons per day of reserved discharge capacity shall be paid or reimbursed by other future users of the sewer line extension. The Developer shall have no liability to the Town under this Agreement for payment of sewer impact fees assessed by the Town of Wiscasset with respect to said remaining 31,000 gallons per day of reserved discharge capacity not utilized by the Developer.

(d) Future Connection Requirements. The parties anticipate a future extension of the Infrastructure Improvements by the Town to serve additional areas of Davis Island and the Route 1 corridor, including construction by the Town of a sewage pump station for this purpose. Such future extension of the Infrastructure Improvements shall be constructed at the Town's expense, as the Town's portion of the Development Program. At such time as the Town extends or arranges for extension of public sewer and water service beyond the Property, the Developer shall terminate any private connection to the public sewer line, and shall connect to the Town's sewage pump station as indicated in the project plans (Exhibit 1). The Developer shall pay all costs of this connection from its own funds. The cost of such future public sewer connection shall not be deemed part of the Developer Project Costs under this Agreement.

Section 8.16. Tax Laws and Valuation Changes.

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 the Property. In addition, the Development Program makes certain assumptions and estimates regarding valuation, tax rates and estimated costs. 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 or be used, in any way, by any party in either presenting evidence or making argument in any dispute which may arise in connection with valuation of or abatement proceedings relating to the Property for purposes of ad valorem property taxation or (b) vary the terms of this Agreement even if the actual results differ substantially from the estimates, assumptions or analysis.

Section 8.17 Authority to Sign

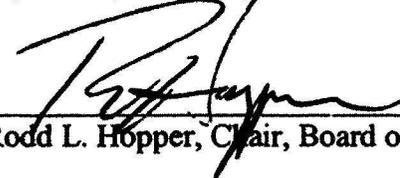
The undersigned representatives of the Town of Edgcomb and Edgcomb Development, LLC hereby respectively represent and warrant that they have been duly authorized to execute this Agreement on behalf of the Town and the Developer respectively, that all necessary votes and other approvals have been obtained from the Town of Edgcomb and Edgcomb Development, LLC for this purpose, and that upon execution by the undersigned representatives this Agreement shall be valid and binding in all of its terms and provisions as between the parties hereto.

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.

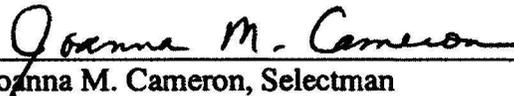
WITNESS:



TOWN OF EDGEComb BY ITS
BOARD OF SELECTMEN:



Rodd L. Hopper, Chair, Board of Selectmen

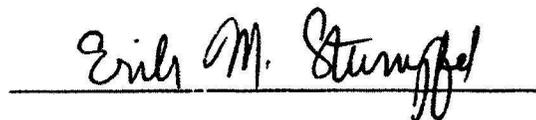


Joanna M. Cameron, Selectman



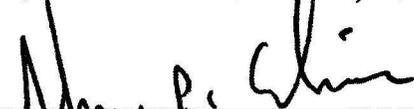
Frank Perkins, Selectman

WITNESS:



EDGEComb DEVELOPMENT, LLC

By:



Name: Jeffrey P. Corbin

Title: Vice President

Hereunto Duly Authorized