

CALAIS CITY COUNCIL
JUNE 27, 2019

The second regular monthly meeting of the Calais City Council was held this date in the Council Chambers of the Calais City Building at 6:00 p.m.

Present was Mayor Howard presiding over Councilors Geel, Sherrard, Rogers, Mingo, and Moreside.

On a motion by Councilor Sherrard and a second by Councilor Mingo, it was unanimously voted to approve the following consent agenda:

- A. Previous Minutes
- B. Treasurer's Warrants City through June 26, 2019
- C. Treasurer's Warrants School through June 26, 2019
- D. Treasurer's Warrants Water through June 26, 2019
- E. Liquor License Renewal – Yancy's Restaurant-332 North Street
- F. Liquor License Renewal – Schooner Pub-449 Main Street
- G. Victualer's License – The Sandwichman

The Mayor then called for a Public Hearing on the consideration of the 2019-2020 budgets for Municipal, School, Wastewater and Ambulance.

There being no public concern voiced, it was moved by Councilor Mingo, seconded by Councilor Moreside, and unanimously voted that the City of Calais Budget for the fiscal year July 1, 2019 through June 30, 2020 be adopted as amended.

INSERT BUDGET APPROPRIATION RESOLVES

It was then moved by Councilor Geel, seconded by Councilor Mingo, and unanimously voted that all over-expenditures from the General Appropriation be charged to surplus and any unexpended amounts be credited to the surplus account except the following General Ledger Accounts, which will be carried forward as either credit or debit:

INSERT GENERAL LEDGER CARRY-OVERS

Attendance

Consent Agenda

Budget Public Hearings

ORDERED:

The following be and hereby is the Annual Appropriation resolve of the City of Calais for the Fiscal year July 1, 2019 to June 30, 2020, which includes the amounts appropriated herein and revenue from all other sources beginning July 1, 2019 and continuing for the fiscal year in the aggregate amount of \$5,287,376 based on the budget approved by the City Council and made a part thereof, and the same is hereby appropriated for the fiscal year July 1, 2019 to June 30, 2020 for the lawful expenditures of the City of Calais and said amounts are declared not to be in excess of the estimated revenue from taxation and sources other than taxation for the fiscal year beginning July 1, 2019.

ORDERED:

That the City Council authorizes the following accounts to lapse into undesignated fund balance:

Tax Lien Costs	\$11,089.62
----------------	-------------

ORDERED:

The Assessor of the City of Calais be and hereby is directed to assess a tax upon all real estate in Calais and liable to be taxed therein, and to assess the owner of personal estate liable to be taxed therein on the first day of April, 2019 A. D. and not exempt from taxation, the aggregate amount of \$3,845,403 and in accordance with the provisions of the State of Maine in such cases made and provided; make perfect lists under her hand of such assessments and commit the same to the Collector of Taxes of the City of Calais on or before the 1st day of July, 2019. All taxes assessed as above and committed to the Collector shall be due on July 1, 2019. That having set the date on which taxes shall become due, to wit July 1, 2019, any taxes remaining unpaid after October 1, 2019 shall bear interest from October 1, 2019 at a rate of 9% per annum, said interest to be added to and become a part of said taxes.

ORDERED:

That the Tax Collector be and hereby is, authorized to accept money prior to the date of Tax Commitment in prepayment of taxes, and to issue receipts for the same. It shall be discretionary with the Tax Collector/City Manager to make arrangements through the City of Calais Tax Club policy with any taxpayer for a schedule of monthly payments without interest and such arrangements, as they jointly deem necessary.

ORDERED:

That the sale or disposal of any real estate acquired by the City for non-payment of taxes thereon, or sewer charges be made in accordance with the City of Calais Property Tax and Sewer Lien Policy, the Treasurer being authorized to execute Municipal Quit-Claim Deeds for such property.

ORDERED:

That the Treasurer for the time being of the City of Calais shall have full authority to execute and acknowledge all deeds of real property or any interest therein on behalf of the City of Calais, unless the City Council shall otherwise expressly order, the authority herein granted applying the conveyances of property, whether tax acquired or not, and to be carried out in those cases where it is being made to remove a cloud on a title wherein the City has no actual interest in the property other than an apparent record interest, and also in those cases where a deed may be necessary or desirable to clear the record title to property following payment of back taxes, expired tax liens, or other City interest in the property. This authority shall be extended to the execution of bills of sale for personal property where such sales or transfers are pursuant to specific City Council authority or under general policies enacted by the City Council.

ORDERED:

That for the purpose of procuring a temporary loan or loans, to and for the City of Calais in anticipation of taxes for the current year, the Mayor and the City Treasurer, be and are, hereby authorized and directed, to borrow from time to time, such sums as may be necessary to pay expenses of the present year, and to give the note or notes, of the City therefore, signed by the City Treasurer and approved by the Mayor and Treasurer. The said debt, or debts, or loans, to the City, under the authority of the Order, are to be paid from taxes of the present fiscal year.

ORDERED:

That any City Ordinances to be automatically repealed during the period from July 1, 2019 to June 30, 2020 pursuant to the City Charter be extended for a period of one year.

ORDERED:

That the following categories of State funds be accepted during the fiscal year beginning July 1, 2019 and ending June 30, 2020:

- Municipal Revenue Sharing
- Local Road Assistance
- State Aid to Education (including Federal pass-through funds and property tax relief)
- Public Library State Aid per capita
- Snowmobile Reimbursement Money
- Tree Growth Reimbursement
- General Assistance Reimbursement
- Veterans Exemption Reimbursement
- Homestead Exemption Reimbursement
- State Grant and/or Other Funds

ORDERED:

The disbursement of payments for municipal education costs when a disbursement warrant has been signed by the School Superintendent; and approved by a majority of the Calais School Board is hereby allowed.

General Ledger Accounts: 2018 - 2019 balances either credit or debit to be carried:

1-1725-00	Shore & Harbor (BIG) Grant	4,971.05
1-1726-00	DEP Pumpout Grant (BIG)	7,099.22
1-1789-00	Police Drug Forfeiture Funds	867.42
1-1830-00	Special Gas Account	12,774.70
1-3600-00	Animal Control Fees	2,195.63
1-3623-00	WCPA Purchase Escrow	322,292.08
1-3625-00	Economic Development – Dawson	24,583.93
1-3630-00	Nash's Lake Dam	1,845.74
1-3635-00	Fire Dept. Training Facility	2,737.48
1-3638-00	Fire Dept. J. Baig Bequest	2,000.00
1-3640-00	Police- Dare	5,899.80
1-3642-00	Police – Fingerprint	1,948.94
1-3661-00	Rec – Playground Donation	500.00
1-3662-00	Rec – Smith Field	1,000.00
1-3664-00	Rec – Pool Donations	18,757.63
1-3665-00	Rec – JMG Grant	600.00
1-3666-00	Rec-School Basketball	908.75
1-3667-00	Rec-Pavilion Project	325.31
1-3668-00	Rec – Tennis Donations	8,660.78
1-3758-00	Library – Eaton Foundation	2,034.73
1-3761-00	Library – Building Fund	28,968.89
1-3762-00	Library - Special Gift Books	932.73
1-3764-00	Library – J. Baig Bequest	1,919.96
1-3771-00	Library – Pike Fund Income	21,082.32
1-3778-00	Concert Donations	50.00
1-3779-00	Triangle Park Donations	8,046.90
1-3785-00	Land Disposition	33,244.37
1-3870-00	Cemetery Road Repair	6,000.00
1-3874-00	Transfer Station Professional Services	4,000.00
1-3875-00	Transfer Station Environmental Monitoring	757.46
1-3877-00	PW Tree Planting	1,173.00
1-3878-00	PW Tree Removal	2,212.65
1-3879-00	PW Chipping Program	5,550.00
1-3900-00	Veteran's Memorial Pavers	2,412.08
1-4202-00	CIP Administration	699.11
1-4205-00	CIP Fire Department	25,977.29

1-4210-00	CIP Recreation Department	5,903.10
1-4215-00	CIP Police Department	2,514.14
1-4220-00	CIP Public Works Department	98,489.96
1-4225-00	CIP Transfer Station	2,266.19
1-4230-00	CIP Cemetery	9,272.36
1-4240-00	CIP North Street Building	2,322.06
7-7500-00	DEP/SRF Asset Management	77,855.00
8-8620-00	Ambulance Purchase Reserve	62,579.29

There being no public concern voiced on the School Department Budget for the Fiscal Year July 1, 2019 through June 30, 2020, it was moved by Councilor Moreside, seconded by Councilor Rogers, and unanimously voted that the School Department Budget for the fiscal year July 1, 2019 through June 30, 2020 be adopted as presented.

INSERT RESOLUTIONS FOR SCHOOL DEPARTMENT BUDGET

There being no public concern voiced on the Wastewater Budget, it was moved by Councilor Geel, seconded by Councilor Rogers, and unanimously voted that the Wastewater Budget for the Fiscal Year July 1, 2019 through June 30, 2020 be adopted as presented.

INSERT WASTEWATER APPROPRIATION RESOLVES.

On a motion by Councilor Mingo and a second by Councilor Moreside, it was unanimously voted that the Ambulance budget for the fiscal year July 1, 2019 through June 30, 2020 be adopted as presented.

INSERT AMBULANCE BUDGET SUMMARY

The City Manager then gave his report on the following:

- DBU Update
- Maine DHHS Office to reopen.
- Palmer Street Project update

The City Manager then asked that the Council consider suspend the Council Rules and add a contract negotiation to the Executive Session

It was moved by Councilor Mingo, seconded by Councilor Geel and unanimously voted to suspend the rules and add the requested item to Executive Session,

The following Council Committee Reports were submitted:

1. **Finance Committee** – No report
2. **Property Committee** – met prior to Council Meeting to discuss the Townhouse Property, The Kwong Wah Property, the playgrounds, and Buick Street.
3. **Public Safety Committee** – No report
4. **Public Works Committee** – No report

City Manager Report

Suspend Rules/Add Item

Committee Reports

RESOLUTIONS for CALAIS CITY COUNCIL VOTE ON THE CALAIS SCHOOL BUDGET 2019-2020

REQUIRED ARTICLES/RESOLUTIONS FOR THE SCHOOL BUDGET IN MUNICIPAL SCHOOL UNITS:

RESOLUTIONS # 1 THROUGH # 17 TO AUTHORIZE EXPENDITURES IN COST CENTER CATEGORIES

RESOLUTION ___ 1 ___ Shall the council/city appropriate and authorize the School Committee to expend \$2,653,784.26 for Regular Instruction?

RESOLUTION ___ 2 ___ Shall the council/city appropriate and authorize the School Committee to expend \$1,318,922.43 for Special Education?

RESOLUTION ___ 3 ___ Shall the council/city appropriate and authorize the School Committee to expend \$959,419.27 for Technical Education?

RESOLUTION ___ 4 ___ Shall the council/city appropriate and authorize the School Committee to expend \$161,853.21 for Other Instruction?

RESOLUTION ___ 5 ___ Shall the council/city appropriate and authorize the School Committee to expend \$424,276.63 for Student and Staff Support?

RESOLUTION ___ 6 ___ Shall the council/city appropriate and authorize the School Committee to expend \$399,694.90 for System Administration?

RESOLUTION ___ 7 ___ Shall the council/city appropriate and authorize the School Committee to expend \$287,227.15 for School Administration?

RESOLUTION ___ 8 ___ Shall the council/city appropriate and authorize the School Committee to expend \$377,510.40 for Transportation and Buses?

RESOLUTION ___ 9 ___ Shall the council/city appropriate and authorize the School Committee to expend \$947,304.85 for Facilities Maintenance?

RESOLUTION ___ 10 ___ Shall the council/city appropriate and authorize the School Committee to expend \$481,858.86 for Debt Service and Other Commitments?

RESOLUTION __11__ Shall the council/city appropriate and authorize the School Committee to expend **\$15,000.00** for All Other Expenditures?

RESOLUTION __12__ To see what sum the Council/city will appropriate for the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act (**Recommend \$5,104,052.33**) and to see what sum the Council/city will raise as the Council/city's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act in accordance with the Maine Revised Statutes, Title 20-A, section 15688.

Recommend \$1,418,364.00

"Explanation: The school administrative unit's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act is the amount of money determined by state law to be the minimum amount that a municipality must raise in order to receive the full amount of state dollars."

RESOLUTION __13__ To see what sum the Council/city will raise and appropriate for the annual payments on debt service previously approved by the Council/city voters for non-state-funded school construction projects, non-state-funded portions of school construction projects and minor capital projects in addition to the funds appropriated as the local share of the Council/city's contribution to the total cost of funding public education from kindergarten to grade 12.

Recommend \$0.00

Explanation: Non-state-funded debt service is the amount of money needed for the annual payments on the Council/city's long-term debt for major capital school construction projects and minor capital renovation projects that are not approved for state subsidy. The bonding of this long-term debt was previously approved by the voters.

RESOLUTION __14__ To see what sum the Council/city will raise and to appropriate the sum of (**Recommend \$55,780.75**) in additional local funds for school purposes under Maine Revised Statutes, Title 20-A, §15690.

Recommend \$55,780.75

The following statement must accompany this article in subparagraph:

Explanation: The additional local funds are those locally raised funds over and above the school administrative unit's local contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act and local amounts raised for the annual payment on non-state funded debt service that will help achieve the municipality/district budget for educational programs.

RESOLUTION # 15 SUMMARIZES THE PROPOSED SCHOOL BUDGET

RESOLUTION ___15___ To see what sum the Council/city will authorize the school committee to expend for the fiscal year beginning July 1, 2019 and ending June 30, 2020 from the Council/city's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act, non-state-funded school construction projects, additional local funds for school purposes under the Maine Revised Statutes, Title 20-A, section 15690, unexpended balances, tuition receipts, state subsidy and other receipts for the support of schools.

Recommend \$8,026,851.95

RESOLUTION ___16___ To see if the Council/city will appropriate \$0.00 for Adult Education and raise \$0.00 as the local share; with authorization to expend any additional, incidental, or miscellaneous receipts in the interest and for the well-being of the adult education program.

Recommend \$0.00

RESOLUTION ___17___ In the event that the Calais School Department receives more state education subsidy than the amount included in its budget, shall the School Board be authorized to use all or part of the additional state subsidy to increase expenditures for school purposes in cost center categories approved by the School Board, increase the allocation of finances in a reserve fund approved by the School Board, and/or decrease the local cost share expectation, as defined in Title 20-A, section 15671-A (1)(B), for local property taxpayers for funding public education as approved by the School Board?

ORDERED:

The following be and hereby is the annual sewer fund appropriation resolve of the City of Calais for the fiscal year July 1, 2019 to June 30, 2020, which includes the amounts appropriated herein and revenue from sewage service charges and all other sources beginning July 1, 2019 and continuing for the fiscal year in the aggregate amount \$1,005,785.00 based on the budget approved by the City Council and made a part thereof, and the same is hereby appropriated for the fiscal year July 1, 2019 to June 30, 2020 for the lawful expenditures of the City of Calais and said amounts are declared not to be in excess of the estimated revenue from sewer service charges and other sources for the fiscal year beginning July 1, 2019.

Pursuant to Title 30-A M.R.S.A. Sec 3406 and the City of Calais Sewerage Ordinance the City Council hereby adopts the following rates for the City Sewerage Works:

Operation, Maintenance & Replacement:	\$ 5.93 per 100 cu. ft.
Debt Service:	\$ 4.45 per 100 cu. ft.
Total:	\$10.38 per 100 cu. ft.

The Tax Collector of the City of Calais is hereby directed to assess sewer service charges on a quarterly basis as determined by the water meter readings. All sewer service charges remaining unpaid after the date which they are due shall bear interest at a rate of 9% per annum, said interest to be added to and become a part of said sewer service charges.

ORDERED:

That the sale or disposal of any real estate acquired by the City for non-payment of sewer service charges thereon be made in accordance with the City of Calais Property Tax And Sewer Lien Policy, the Treasurer being authorized to execute Municipal Quit-Claim Deeds for such property.

ORDERED:

That the Treasurer for the time being of the City of Calais shall have full authority to execute and acknowledge all deeds of real property or any interest therein on behalf of the City of Calais, unless the City Council shall otherwise expressly order, the authority herein granted applying to conveyances of property, whether tax-acquired or not, and to be carried out in cases where the City Council has approved the conveyance specifically or where it is being made to remove a cloud on a title wherein the City has no actual interest in the property other than an apparent record interest, and also in those cases where a deed may be necessary or desirable to clear the record title to property following payment of back sewer service charges, expired sewer liens or other City interest in the property.

FY20 Ambulance Budget Summary

	FY19	FY20	\$ Change	% Change
	As Passed	As Proposed		
Projected Revenues	921,294.00	921,606.00	312.00	0.03%
Payroll - Regular Wages	277,600.00	296,000.00	18,400.00	6.63%
Payroll - Overtime Wages	66,000.00	75,000.00	9,000.00	13.64%
Payroll - Part Time	71,500.00	71,500.00	-	0.00%
Benefits - FICA/UC/WC	60,050.00	61,500.00	1,450.00	2.41%
Benefits - Life/Retirement	25,405.00	26,100.00	695.00	2.74%
Benefits - Health/Dental/IP	114,625.00	101,500.00	(13,125.00)	-11.45%
Benefits - Flexible Spending Acct	1,875.00	1,875.00	-	0.00%
FF Wage Reimbursement	30,000.00	30,000.00	-	0.00%
Administrative - Manager	21,925.00	18,200.00	(3,725.00)	-16.99%
Administrative - Finance	6,700.00	7,000.00	300.00	4.48%
Admin - PW Mechanic	4,250.00	4,600.00	350.00	8.24%
Dues	1,605.00	1,605.00	-	0.00%
Telephone	2,580.00	2,000.00	(580.00)	-22.48%
Rental Fees	12,267.00	13,550.00	1,283.00	10.46%
Capital Outlay - Ambulance	65,000.00	65,000.00	-	0.00%
Fuel, Oil & Lube	25,125.00	25,125.00	-	0.00%
Tires	3,000.00	3,000.00	-	0.00%
Vehicle Maintenance	7,000.00	7,000.00	-	0.00%
Office Equipment	1,875.00	1,875.00	-	0.00%
Ambulance Equipment	21,000.00	21,000.00	-	0.00%
Radios/Repair	900.00	900.00	-	0.00%
Office Supplies	800.00	800.00	-	0.00%
Janitorial Supplies	500.00	500.00	-	0.00%
Supplies - Oxygen	3,000.00	3,000.00	-	0.00%
Supplies - Pharmacy	3,500.00	3,500.00	-	0.00%
Supplies - Medical	11,000.00	11,000.00	-	0.00%
Medical Screenings	200.00	200.00	-	0.00%
Drug/Alcohol Testing	620.00	620.00	-	0.00%
Licenses & Fees	900.00	900.00	-	0.00%
Travel	500.00	500.00	-	0.00%
Property & Casualty	8,567.00	8,950.00	383.00	4.47%
Postage	300.00	300.00	-	0.00%
Advertising	250.00	500.00	250.00	100.00%
Clothing - Uniforms	3,000.00	3,000.00	-	0.00%
Education & Training	7,000.00	7,000.00	-	0.00%
Legal & Audit Fees	2,600.00	2,600.00	-	0.00%
Contract Svcs - Billing	26,500.00	26,500.00	-	0.00%
Contract Svcs - Maint	5,250.00	5,250.00	-	0.00%
Contract Svcs - Back Up	350.00	600.00	250.00	71.43%
Contract Svcs - CRH	350.00	350.00	-	0.00%
Monitors - Principal	19,710.00	20,169.00	459.00	2.33%
Monitors - Interest	1,085.00	618.00	(467.00)	-43.04%
Subtotal	916,264.00	931,187.00	14,923.00	1.63%
Net (Decrease)/Increase	(5,030.00)	9,581.00	14,611.00	

5. **School Liaison Committee** – No report
6. **Economic/Community Development Committee** – Met last week to review the Economic Development Loan Program.

On a motion by Councilor Mingo and a second by Councilor Rogers, it was unanimously voted to authorize the Amendment of the Economic Development Loan to Calvin & Amy Jeanroy, in order to extend their loan from \$60,000 to \$100,000.

Amendment to Loan -Calvin & Amy Jeanroy

On a motion by Councilor Moreside and a second by Councilor Mingo, it was unanimously voted to award a bid for the Granite for the Downtown Sidewalk Project to Dirigo Slipform, Inc in the amount of \$11,306.88.

Award of Bid – Granite for Downtown

On a motion by Councilor Moreside and a second by Councilor Geel, it was unanimously voted to authorize Downeast Cruisers to hold a Car Show at the North Street Municipal Parking Lot on Sunday, August 18th.

Car Show

Following some discussion, it was moved by Councilor Sherrard, seconded by Councilor Rogers, and unanimously voted to adopt the following proposed amendments to the Economic Development Loan Fund Bylaws:

Economic Development Bylaws

INSERT ECONOMIC DEVELOPMENT LOAN FUND BYLAWS

Other items addressed with no Council action being taken at this time included:

- acceptance of partial payments on Sewer/Water bills
- congrats on fine job with Budget to City Manager and Finance Director
- Status of Opportunity Zone
- Water Dept Truck on order
- Nuisance ATV's on city streets
- possible joint meeting with NB Power Reps

Other Items

On a motion by Councilor Sherrard and a second by Councilor Geel, it was unanimously voted to retire into Executive Session for Union Negotiations and a contract negotiation at 6:55 p.m.

Executive Session

Open Session resumed at 7:25 p.m.

City of Calais

Economic Development Loan Fund

Bylaws

Section I. Purpose:

The City of Calais Economic Development Loan fund (**EDLF**) provides low interest revolving loans for businesses seeking to relocate to, or expand in, Calais. The primary intent of this fund is to enhance the economy of the community. Applications which show a promise of creating jobs will receive preference.

Section II. Loan Review Committee:

A. Function:

A Loan Review Committee shall provide overall coordination of the EDLF including evaluation of applications for loans to individuals, businesses, or corporations that will further the purpose of this program.

B. Composition:

The Loan Review Committee shall exist as a part of the Economic/Community Development Committee, a subcommittee of the Calais City Council, and will consist of five (5) members. The three (3) appointed members of the Economic/Community Development Committee shall serve as members. One (1) member shall be the Finance Director of the City of Calais and one (1) member shall be the Manager of the City of Calais.

C. Committee Meetings:

Committee Meetings shall be called to consider loan requests on a case by case basis. Appropriate local notice of all meetings shall be posted sufficiently prior to each meeting for citizen attendance if they desire. Meeting time and date may be changed when circumstances require, with the appropriate public notice.

Quorums shall require three members for transaction of business.

Section III. Rules and Regulations:

- A. Members and immediate family members shall not be eligible to apply for a loan. For the purposes of this section, immediate family member is defined as a member's spouse, child, parent, grandparent, or sibling.
- B. Councilors and immediate family members shall not be eligible to apply for a loan. For the purposes of this section, immediate family member is defined as a Councilor's spouse, child, parent, grandparent, or sibling.
- C. All loan applicants will be required to submit a credit report, not to exceed thirty (30) days old, as part of the application process for an EDLF loan. Free credit reports are available online.
- D. All costs related to the submission of loan applications or preparation of loan documents shall be borne by the applicant. These costs may be added into the cost of the loan.
- E. Approvals or disapprovals of loan applications shall require the affirmative or negative vote of three (3) members.
- F. Approvals or disapprovals of loan applications shall be made in writing. In case of disapprovals, the reasons for such action shall be explained.
- G. Appeals for disapprovals may be made to the City Council based on errors of fact or procedure, but not on the judgement of the members concerning the feasibility of a proposed project or the credit worthiness of a particular applicant.
- H. Upon approval of a loan, a "down payment" equal to 5% of the requested loan amount will be required. The "down payment" will reduce the amount of funds disbursed.
- I. Prior to the release of funds, loan applicants must:
 - Include evidence of approval for any permits required for operation of a business regulated by agencies such as the Department of Environmental Protection, Bureau of Public Lands, Department of Agriculture, Planning Board, Code Enforcement Office, etc.
 - Provide proof of rental or lease agreement if the business will be operated out of a location not owned by the applicant.
- J. The members may, from time to time, amend the rules and procedures as necessary. All amendments to these bylaws are subject to City Council approval.

Sections IV. Operational Guidelines:

1. Eligibility Requirements:

1.1 Residency: The loan fund can only make loans to:

A: Legal residents of Calais who wish to expand a business or start a business in Calais; or

B: Persons who are not residents of Calais, but propose to expand a business or start a business in Calais.

1.3 Types of Businesses: Eligible businesses shall include non-profit and for-profit industrial, retail commercial, and service businesses – whether sole proprietor, partnership or corporation.

1.4 Applicant Credentials: The applicant must be the owner or head of the business for which the loan is being requested – i.e. proprietor, senior partner, president or majority stockholder and must have the authority to make legal agreements for that business. The applicant must be capable of actually making, or supervising the making of the proposed product or providing the proposed service himself or herself. The applicant must have proven ability in developing and managing businesses of the kind proposed or, as a minimum, must have the appropriate educational background and technical training.

1.5 Collateral Requirements: All applicants shall be required to provide collateral needed for the proposed business venture equal to 100% of the loan request. Acceptable collateral will be as follows:

- A mortgage deed for property (land or land and buildings) owned by the applicant and situated in Washington County. A real estate appraisal must be submitted that is no more than one (1) year old.
- Cash or Sureties equal to the amount of the loan request deposited in a bank that will be mutually agreed upon by the applicant and the City, or loan insurance or guarantees.
- Taxable personal property with a Dunn's fair market value over \$10,000 may be considered as collateral.
- Non-fixed assets will not be accepted as collateral.
- Collateral requirements must be met in thirty days.
- Proof of insurance sufficient to fully reimburse the loan fund for the unpaid loan balance in the event of destruction is required on all collateralized property.

1.6 Restriction of Eligibility: Any individual, partnership, or corporation that owes the City back taxes, sewer or water bills will not be considered for loans, without a showing of extenuating circumstances and an ability to

pay arrears in a reasonable time after the granting of a loan. Failure to keep taxes, sewer and water bills current over the life of the loan shall constitute a default of the loan agreement.

1.7 Required Documents: In the case where an existing business has applied for a loan, they must provide financial statements and income tax return for the prior two (2) business years. A proposed or new venture will be required to submit a detailed business plan as part of any loan application, as well as any other documents or documentation required by the Committee.

1.8 Appraisals will be reviewed and may be rejected at the Committee's discretion.

2. Terms & Conditions of Loans

2.1 Loan Amounts: The minimum loan amount to any business shall be \$5,000. Except as provided with Council approval, the maximum loan amount shall be \$100,000. Loans issued to one borrower may not exceed 30% of the total fund. At no point may the liquid balance of the fund drop below \$100,000.

2.2 The interest rate will be a fixed rate of two percent (2%) above the prime lending rate on the date of the application approval, amortized over the life of the loan.

2.3 Loan Amortization: Applicants may choose the length of the repayment period not to exceed:

\$ 5,000 to \$ 15,000 – 5 years
\$ 15,001 to \$ 25,000 – 7 years
\$ 25,001 to \$100,000 – 10 years

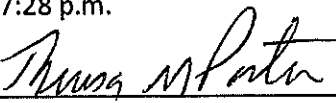
The Committee shall have the right to adjust the payback period whenever extenuating circumstances indicate that a change is warranted. Loan payments consisting of principle and interest shall be made on a monthly basis. No interest only agreements that result in balloon payments will be considered. There shall be no penalty for early repayment of the loan.

2.4 Use of Funds: **EDLF** funds may be used for only the following uses: New construction, renovation of existing business, relocation into Calais, capital improvements, machinery purchases, and inventory. Salary and benefit costs shall not be permissible uses of **EDLF** funds. **EDLF** funds shall not be used to refinance existing debt or to fund daily operations.

- 2.5 Insurance: Insurance is required to be maintained on all collateralized property for the life of the loan. Insurance certificates naming the City of Calais as additional insured and certificate holder must be provided upon each expiration date of said certificate. The City must also be listed as a party to receive any notices of cancellation from the insurance agency. Failure to maintain proper insurance will result in a default of the loan.
- 2.6 Delinquency: Payments that remain unpaid fifteen (15) days after the end of the month will incur an automatic late payment fee equal to 10% of the monthly loan payment. This fee shall apply for each month for each payment is left unpaid All subsequent payments will be applied to any unpaid late fees first before being applied to principal and/or interest. A borrower will be considered to be in default if the loan is not brought current within six (6) months of the first missed payment.
- 2.7 Defaults: If a borrower defaults on a loan agreement, whether through non-payment of scheduled loan payments or through the breach of any loan condition, as outlined above, the full balance of the loan shall be considered due and payable immediately. If the balance remains unpaid, appropriate legal or other action shall be taken to ensure that all of the principal amount of the loan shall be recovered and returned to the economic development loan fund. In addition, a default of the loan shall be found to exist in the following situations:
- Should the business for which the funds were used go out of business,
 - Should there be any unapproved disposition of the collateral used to secure the loan
 - Should the business for which the loan was issued move out of Calais.
- Any person who defaults on a loan under this program shall be barred from making any future loan applications to this or any other loan program the City of Calais may offer.
- 2.8 Relocation, Cessation, or Sale of Business: Should a business be sold, or cease to exist, or move away from the City of Calais, the balance due on the loan shall be considered due and payable immediately. The mortgage deed will not be released until the loan is paid in full.
- 2.9 The City Council may approve, with the advice of the Loan Committee, loans over \$100,000.00 solely to assist in attracting new business. Such loans may carry reduced interest rates or extended repayment terms as an incentive.

On a motion by Councilor Sherrard and a second by Councilor Geel, it was unanimously voted to approve the sale of the Hathaway building to AMHC.

There being no further business to come before the City Council at this time, it was moved by Councilor Rogers, seconded by Councilor Moreside and unanimously voted to adjourn this meeting at 7:28 p.m.

ATTEST: 
Theresa M Porter, City Clerk

Approve of Sale – AMHC

Adjourn