

**APPROVED MINUTES//FREEDOM BOARD OF SELECTMEN
June 8th 2015**

AP/PAYROLL WARRANT SIGNING MEETING

Meeting was called to order at 6:00 pm

Present: Ron Price, Ken Overlock, Steve Bennett, Erna Keller, Lorainne Overlock, Wilson Hess, Frances Walker, Bob Gerrish, Ron & Barb Littlefield, Sallyann Hadyniak, Mike Rogers, Clara & Drew Fales, Tim Biggs and Jim Waterman.

Minutes for review:

- June 1st 2015
- Steve/Ken accept minutes and place on file

Citizens Issues:

BRW Abatement

- Steve made a handout With the expected Life of the Turbines Value 2028
- #1. BRW: 30% abatement for 2014-5% straight line depreciation per year beginning 2015-2028 0%
- #2. Town Response: No abatement for 2014-5% depreciation for 2015 valuation adjusted each year... BASED ON FERC 95% or less
- #3. BRW: 5% abatement for 2014-7.5% S/L depreciation per yr 2015-2018 -5% S/L depreciation per year beginning in 2009 until turbines have reached 30% of original value in 2025 \$2,961,603 30%
- #4. Scenario #1: 5% abatement for 2014-5% depreciation for 2015- adjust valuation each year based upon FERC report 90% or less
- #5. Scenario #2: 5% depreciation for 2015-2% declining depreciation per year beginning 2016 thru 2028- Value in 2028 would be \$7,211,161
- #6. Scenario #3: 18% abatement for 2014 (3% per year)-3% S/L beginning 2015 thru 2028 Value in 2028 would be \$2,961,603
- #7.Scenario #4: 5% abatement for 2014- 3% S/L beginning 2015 thru 2024 10% S/L beginning 2025 thru 2028 Value in 2028 would be \$2,961,603
- #8.Scenario #5: 0% for 2014 abatement- 7.5% 2015 thru 2018- co funded audit for 2019 valuation
- #9.Scenario #6: 0% for 2014- 15% depreciation for 2015 co funded audit for 2016 valuation

- Ron explained : We invited Mike Rogers to come and explain the process of the state board of appeals...
- Ron to Mike: So did you say that the state appraises unorganized towns @ 5% using the income approach
- Mike- Yes, thats correct. Washington County Stimulus money is 30% off the value ... Up front Production credit is then gone
- Steve- So the US Treasury paid them 30% up front for the project
- Mike- If a project is in a TIF then there is not alot of incentive because County is having a hard time because of UT would pay a higher tax . No TIF no help to the taxpayer

- Steve- TIF, ITC 5% State & Federal depreciation
- Ron- Do all unorganized towns have TIF's ? They aren't the same as Freedom.
- Mike- Yes, thats correct
- Ken to Mike- If town decides to go to Augusta how do you think we would stand?
- Mike- They are like a low level district court. BRW would show up with their lawyers and alot of info., such as other towns depreciation ... Woodstock, Rocksbury & Carthage
- They have more turbines but are similar
- Steve- Only 4 towns that don't have TIF's, no UT projects without TIF's
- Ron- Whats the benefits besides the tax
- Mike- Community benefit fund... Only 3 turbines so Freedom didn't get this set up.
- Steve- What do these other towns do?
- Mike- \$4000 per year per turbines, Oakfield has a very generous community fund
- Steve- Towns hosting their lines, they get a community fund?
- Mike- Hustus gets \$20,000
- Steve- Woodstock 3% to 5%
- Mike- Min. of 3% depreciation
- Carthage - new project nothing decided yet looking at between 3 & 5%
- Rocksbury- 3% for set no yrs
- Bob Gerrish- How many other windmill projects have language of decommission fund?
- Can we do an abatement/depreciation and ask for a decommission fund to be set up?
- Also why does the town have to depreciate them
- Mike- Houses there are sales to go by
- Why would the town want to get into years of litigation, BRW will be the only ones who will conquer are the attorneys...
- Sudden & Severe Law on the books. You will pay and this would help with the impact. The school could take up to 5 years to feel the impact
- Title 36: TAXATION
- Part 2: PROPERTY TAXES
- Chapter 101: GENERAL PROVISIONS
- Subchapter 1: POWERS AND DUTIES OF STATE TAX ASSESSOR
- §208-A. Adjustment for sudden and severe disruption of valuation
- 1. Request for adjustment. A municipality that has experienced a sudden and severe disruption in its municipal valuation may request an adjustment to the equalized valuation determined by the State Tax Assessor under section 208 for the purposes of calculating distributions of education funding under Title 20-A, chapter 606-B and state-municipal revenue sharing under Title 30-A, section 5681. A municipality requesting an adjustment under this section must file a petition, with supporting documentation, with the State Tax Assessor by March 31st of the year following the tax year in which the sudden and severe disruption occurred and indicate the time period for which adjustments to distributions are requested under subsection 5.
- 2. Sudden and severe disruption. A municipality experiences a sudden and severe disruption in its municipal valuation if:
 - A. The municipality experiences a net reduction in equalized municipal valuation of at least 2% from the equalized municipal valuation that would apply without adjustment under this section; [2013, c. 368, Pt. O, §3 (AMD); 2013, c. 368, Pt. O, §11 (AFF); 2013, c. 385, §§1, 3 (AFF); 2013, c. 544, §§6, 7 (AFF).]
 - B. The net reduction in equalized municipal valuation is attributable to the cessation of

business operations, removal, functional or economic obsolescence not due to short-term market volatility or destruction of or damage to property resulting from disaster attributable to a single taxpayer that occurred in or was not reasonably determinable until the prior tax year; and [2013

- C. The municipality's equalized tax rate of residential property exceeds the state average. [2007, c. 322, §2 (RPR).]

- For purposes of this subsection, "removal" does not include property that was present in the municipality for less than 24 months. This subsection does not apply to property acquired by a municipality that otherwise could seek relief pursuant to this section.

- 3. Procedure. A municipality may request an adjustment under this section by filing a petition with the State Tax Assessor in accordance with this subsection.

- A. The municipality, on forms prescribed by the State Tax Assessor, shall identify a net reduction in equalized municipal valuation of at least 2% of the municipality's equalized value attributable to the property of a single taxpayer, the date of the loss and the cause of the loss. The municipality must include an appraisal report prepared by a qualified professional appraiser with respect to the property responsible for the loss that shows the value of the property immediately prior to the loss and the value of the property following the loss. The appraisal report must include a summary of the appraiser's consideration of the cost, income capitalization and sales comparison approaches to the value of the property. The municipality is required to provide any other documentation to support its claim as determined by the State Tax Assessor, including, if requested, all records associated with the municipality's assessment of the property subject to the requested adjustment for the 3-year period prior to the date of the reduction in valuation.

- For purposes of this paragraph, "qualified professional appraiser" means an individual who has at least 5 years' experience determining the just value of real and personal property of the commercial and industrial type using the 3 standard methods of valuation and who attests in writing to the State Tax Assessor that the individual has a current working knowledge of the application of the 3 standard methods of valuation to real and personal property of the commercial and industrial type and:

- (1) Is a certified general real property appraiser licensed under Title 32, chapter 124; or
- (2) Is an assessor certified under Title 36, section 310. [2013, c. 368, Pt. O, §4 (NEW); 2013, c. 368, Pt. O, §11 (AFF); 2013, c. 385, §§1, 3 (AFF); 2013, c. 544, §§6, 7 (AFF).]

- B. The State Tax Assessor shall examine the documentation provided by the municipality and determine whether the municipality qualifies for an adjustment under this section. [2013, c. 368, Pt. O, §4 (NEW); 2013, c. 368, Pt. O, §11 (AFF); 2013, c. 385, §§1, 3 (AFF); 2013, c. 544, §§6, 7 (AFF).]

- C. If the State Tax Assessor determines that a municipality qualifies for an adjustment under this section, the State Tax Assessor shall calculate the amount of the adjustment for the municipality by determining the amount by which the state valuation determined under section 208 would be reduced as a result of the net sudden and severe disruption of equalized municipal valuation for the state valuations to be used in the next fiscal year by the Commissioner of Education and the Treasurer of State. The State Tax Assessor shall adjust subsequent state valuations until such time as the state valuation recognizes the loss. The State Tax Assessor may limit the time period or amount of adjustment to reflect the circumstances of the sudden and severe loss of valuation. [2013, c. 368, Pt. O, §4 (NEW); 2013, c. 368, Pt. O, §11 (AFF); 2013, c. 385, §§1, 3 (AFF); 2013, c. 544

- 4. Notifications. After review of the claim, the State Tax Assessor, in writing, shall approve or deny, in whole or in part, the adjustment requested.

- A. The written decision must include the findings of fact upon which the decision is based. Notwithstanding section 151, the State Tax Assessor's written determination constitutes final agency action that is subject to review by the Superior Court in accordance with the Maine Administrative Procedure Act, except that Title 5, section 11006 does not apply. [2013, c. 368, Pt. O, §5 (NEW); 2013, c. 368, Pt. O, §11 (AFF); 2013, c. 385, §§1, 3 (AFF); 2013, c. 544, §§6, 7 (AFF).]
- B. Within 30 days of providing the municipality the written determination denying, in whole or in part, a claim for adjustment, the State Tax Assessor shall provide a copy of the denial letter to the joint standing committee of the Legislature having jurisdiction over taxation matters. [2013, c. 368, Pt. O, §5 (NEW); 2013, c. 368, Pt. O, §11 (AFF); 2013, c. 385, §§1, 3 (AFF); 2013, c. 544, §§6, 7 (AFF).]
- C. The State Tax Assessor shall notify the Commissioner of Education and the Treasurer of State of any adjustment to state valuation determined under this section and the time period to which the adjustment applies.
- 5. Effect of modified state valuation. The determination of an adjustment to state valuation has the following effect.
 - A. The Commissioner of Education shall use the adjusted state valuation amount instead of the valuation certified under section 305 in calculating education funding obligations for the following fiscal year. [2013, c. 368, Pt. O, §6 (AMD); 2013, c. 368, Pt. O, §11 (AFF); 2013, c. 385, §§1, 3 (AFF); 2013, c. 544, §§6, 7 (AFF).]
 - B. The Treasurer of State shall use the adjusted state valuation amount instead of the valuation certified under section 305 in calculating distributions of state-municipal revenue sharing for the following fiscal year.
- 6. Report. By February 1st, annually, the State Tax Assessor shall submit a report to the joint standing committee of the Legislature having jurisdiction over taxation matters identifying all requests for adjustment of equalized valuation under this section during the previous calendar year, the assessor's determination regarding each request and the amount of any payments made by the Commissioner of Education under subsection 5, paragraph A.
 - Mike: 3 approaches
 - Cost
 - Income
 - Market
 - 3 Prev yrs of loss, Have to have 2% loss net value
 - Steve- 5 yrs end of life
 - Mike- Yr preceeding most recent evaluation, Avg 3 preceeding yr, preceeding current evaluation
 - 2013 tax rate for 12,13 & 14 for the school
 - Steve- 21st year (We would avg 18,19 & 20th yr)
 - Mike- No- for state funding, 5 yrs for school
 - It would take up to the 26th yr for the town to recognize any loss
 - If they disappeared in 2026 than it would take 5 yrs after that
 - Steve- In 2028 if we valued them at 7 million
 - Mike- It would take 5 yrs... Slowly a third at a time. 3 yr avg normally 2 yrs for the state
 - Steve- 7 million dollar valuation in 2029
 - Mike- It would be 1/3 at a time
 - Steve- If we keep this valuation

- Wilson- 20 yr life in accounting life or obsolete
- Mike- Engineers useful life
- Wilson- Rolling stock, so accounting life, no history yet. They might disappear in 21 yrs
- Mike- We don't know they could go more then that 20 yrs life expectancy, maybe 25 to 30.
- Wilson- So 20 yrs is an illustration. Really nothing to base this on
- Steve- Func Obsolete, they say 20 yrs. So they want 5% for 20 yrs to 0%
- Mike- 30% operating, use a floor
- Wilson- Race to the bottom, then stop at a floor
- Steve- Depreciate down to 0%
- Wilson-For accounting purposes
- Ron- I thought BRW said 30% was the floor they was looking for
- Ken- That is what I recollect too, 30%.
- Wilson- So the selectmen need to decide what year they want to get to this floor of 30%
- Mike- The town wants to think about depreciating or in the future you are setting the town up for a huge cliff.
- Ken- So we need to meet as selectmen and then get a representative with BRW to negotiate or are we thinking about going to the state.
- Mike- I don't think the town would want to go to state, They run it like a court. The selectboard shouldn't go their without their lawyer, don't represent yourselves.
- Frances- Out of the surrounding towns who will hit the 20 yr first?
- Mike- Mars Hill, 1 yr b4 Freedom. So after their TIF they get \$500,000
- Ron- So after their TIF is up they hit a cliff.
- Wilson- That's what they plan on.
- Steve- 5% a yr to a 30% floor, would be a 3 1/2 million valuation
- Mike- I believe you would qualify to get a sudden and severe
- Mill towns- The values gone, towns are now hitting a huge cliff. Huge spike in the mill rate because their never depreciated the mills.
- Ken- If we negotiate here with BRW. Then we would have an agreement not a contract.
- Mike- Discuss and record the agreement
- Ken- Can BRW or town appeal if lose in the state of appeals?
- Mike- Yes
- Tim Biggs- As long as they are standing can we bill them at 30% until they are removed?
- Mike- As long as they are producing. They talk about fatigue after 20-25 years. Possibility of them coming apart
- Bob- That has always been my concern too... Safety
- Wilson- Set up a community fund
- Mike- Some towns get \$4000 to \$7000 per turbine
- Steve- Windmill expediting Law
- Wilson- Is there anything on the books saying that the town can do this?
- Mike- I don't think there is anything stating the town can't
- Wilson- So we could make an agreement for going forward.
- Tim- Drop valuation then it wouldn't be such a drastic bump
- Wilson- Agreement for the next 14 yrs and maybe a gift (electricity or fund)maybe future selectmen would consider this a gift and work with them.
- Mike- Roxbury, Pays the taxpayers part of their electricity.
- Unfortunately, the law has changed drastically

- Steve- 2008 law is in affect
- Mike- The tirbines didn't meet the 4.5 prod
- Ken-Steve has there been any response from BRW on the 2 proposals.
- Steve- Might not ask for an abatement but want to get 7 1/2% depreciation, 15% this year
- Ken- 15% is 27,000
- Ken- I think this meeting has been very helpful. I think the selectmen need to meet and decide what we want to present to BRW
- Steve- Even with what they are suggesting that would still leave us with 3 1/2 million at the tail end.
- Mike- You would then qualify for Sudden & Severe
- If they are operating on April 1st then useful, value remains 3 1/2 million
- Steve- Hope then they take them down and its still in affect
- Mike- It should be almost an immediate impact on state valuation, state has a rainy day fund
- I think in the future they are going to help the towns that have had to deal with these comm real estates
- Executive branch doing due diligence for the taxpayers of Maine.
- Frances- What happens if they don't take down the turbines?
- Mike- They have salvage value
- Ron- Own family would take and make the decision since they are on our property, maybe salvage, we would decide.
- Mike- The town could take the landowner to court about having them removed.
- Steve- Let's get back to Bob's question about BRW.
- Mike- Accurate market value, First Wind sold mostly stock and a ton of debt. They have projects all the way to Hawaii.
- Steve- How do we respond to their request?
- Mike- Have them show you ... (Business equipment that is attched to the ground is actually what they are)
- The project didn't creat any jobs and 1996 BETE law passed public utilities
- Wilson- Steve asked about a decommission being taken off the value. Ron made the statement that he might not want to live with them. So maybe a policy is what we need, move forward and ask about the decommission be funded.
- Ken- We haven't had much structure, and there seems to be no business plan.
- Lorainne- Profitable... Are they losing profit or is it increasing every year?
- Ken- No they are not making more profit.
- Lorainne- Set up an Escrow acct for the future
- Ken- Yes, we need to plan for the future
- Steve- So are we getting anywhere?
- Frances- Why can't we charge them?
- Mike- Income approach, 3 year average. There will be a major spike in the future. I would hate to see the town not deal with this issue and get stuck with a major spike. A TIF actually shelters a town from the state valuation.
- Tim- So i guess we should of instituted the income approach from the start. If we had a plan in place from the beginning when they came to town.
- Mike- Income - expenses. In 10 years they get to 30%. (Economic obsolescence because of the project being paid upfront)
- Ken- 5% ... For the last 6 years we didn't give anything because they didn't ask.

- Mike- 3% a year for 6 years plus this year brings you up to 21%
- Steve- So no abatement but 21% this year?
- Mike- That would get the abatement off the table
- Wilson- Adjustment
- Mike- I would offer them the 3% a year
- Ken- That figures out to \$39,389
- Ron- Plus school budget this year if passes is going up \$53,000
- Mike- The timing is very poor but I don't see the town doing nothing.
- Ken- I just feel we are doing to much at once.
- Steve- The way they are requesting it would be a loss of \$14,000 a year in taxes over the next 4 years.
- Mike- If you go with the smaller amount then it would disappear alot slower off the books. That means the school valuation would also be at the slower pace too.
- Ken- 30% would be the floor.
- Wilson- It definately sounds like the selectmen are trying to do what is best for the town and weighing all their options.
- Ken- I propose that the 3 of us meet and work on this project, then bring it back to the public.
- Bob- I think scenario # 6 is the best option. It would be 21% for 2015 adjustment.
- Mike- That would be a big hit this year, you would have to see if you qualify for the sudden and severe.
- Steve- I think # 8
- Mike- # 8 would effect school funding
- Ken- 2018 is when we would see the biggest adjustment but I think the best option is #6
- Make an agreement for a log term depreciation
- Ron- If we go with the 21% then we could do the sudden and severe
- Mike- Yes, It is more than 2% of state valuation. The company didn't request it from the start and now the depreciation will be a big hit.
- Tim/Ken thinks it might gamble be a with an appraisor.
- Wilson- suggests making this legislation
- Mike- Towns are being sold a bill of goods, legislators are now more interested in helping these towns. You just can't be sure of the political winds changing.
- Wilson- Take the models in front of you, put them on a spreadsheet by year, see what the school impact would be. Then decide what would be best.
- Ken- Does this affect the county tax?
- Ron/Mike- the state valuation is used for their budget
- Ken- So if we take the bigger hit then it would affect our county tax portion faster
- Ron- yes it would
- Ken- Thank you Mike for coming out and talking with us. It sounds like our best option is to negotiate with them here and not go to Augusta.
- Mike- You are welcome. Hope it helped. Yes, you are definately better off negotiating and not going to Augusta. It is very costly

TREASURER'S REPORT:

Erna reported:

Payroll Warrant.....\$4,937.88
AP Warrant \$17,084.93

- Payroll Warrant this week is \$4937.88 (clerk, deputy clerk, treasurer, selectmen, aco, lpi & ceo, assessor and road crew)
- A/P this week is \$17084.93
- We received a check from Black Hills \$43.74, a refund check from Aflac for Christine Spaulding an overpayment of \$6.24...(her check is in ap warrant)
- I voided check for State of Maine-Revenue for \$1501.36 and am reissuing a check to Maine Revenue \$1249.50 on this ap warrant
- There is an updated copy of Tingley property for each of you
- Ken- Aflac payment...
- PLEASE MENTION TO BOB AND GLENN... I need gallons on their slips...
- Ken/Steve moved to sign payrolls and AP warrant. All in favor.

Fire Chief:

- There was a fire call here Saturday night at midnight. Ken came and let us in. The monitors had dust in them and need to be cleaned
- Cindy will call Seacoast about having them come for a maintenance call
- This Saturday is the BBQ for the hike at fire dept. The BBQ is open to the public and will be \$8.00 a plate, we will also have hot dogs for the kids. All the money raised goes to the VETERANS....

Dam Committee:

- Tim Biggs was happy to give the Dam drawings to the selectmen
- June 15th at 4:00 pm there will be a site meeting and hope the selectmen can come join them
- Tim stated "Dave and I are quite happy with the changes ."

Old Business:

Tingley Property:

- Steve- Received a phone call from someone interested in having someone take him thru the property
- Ken- It is quite a walk, I can meet with him and get him started from the Rollins Road
- Steve sent him a PDF of the survey
- Ken- I am available any night after 5, it should be soon since bids are being opened Monday night. Just give him my number
- Steve- His name is Brandt Windsor
- Ken-We should make the copies of the forestry survey that Ron suggested and add it to the towns website
- Erna will send to Sallyann and Frances
- Ken- Will be available Thursday night at 6 pm to do a site visit. He will meet anyone interested at the end of the improved section of the Rollins Road. If interested contact Ken 322-8700
- Erna will send info to Sallyann, Frances and add to facebook.

Public works:

- Steve went over his figures with the selectmen
- Had questions for Erna
- Discussion on where to add depreciation & replacement cost

- Decided not to go back and use 2013. Just use 2014 and 2015 cost
- Erna will have a print out next meeting for selectmen to look over

Motion to adjourn passed at 8:55 pm

Next Regular meeting will be June 15th 2015 @ 6 pm

Next AP/Payroll Warrant signing meeting will be June 22nd 2015 @ 6:00 pm

Respectfully submitted,

Ernestine Keller

Secretary