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**Admitted in ME, MA, and NH*

September 30, 2014

Dana Lee, Town Manager
Town of Eliot
1333 State Road
Eliot, ME 03903-1324

Re: Use of Tax Increment Financing (TIF) Funds from Route 236 TIF District for
Phased Sewer and Water Project

Dear Dana:

By way of follow-up to our telephone conversation on September 25, 2014, and following up on a prior letter my colleague wrote to you on March 27, 2014, I would like to confirm the following items:

1. Whether the Town of Eliot uses cash on hand or municipal bonds to pay for the sewer project contemplated in the TIF Development Program, the Town of Eliot town meeting must approve it first. The Development Program states in Footnote 2 on Page 10, "As is the case in the normal course, the Eliot town meeting will approve any budgetary decisions about the sewer and water project as well as any possible bonded indebtedness to be used to finance the project."
2. The Town can decide to undertake the project in phases by asking for town meeting authorization to approve the expenditure of accumulated TIF revenues for each phase individually. The Town would take this approach knowing that the town meeting may or may not approve of each individual phase, as long as each of the phases of the project would be required in order to expand service to Route 236. Each phase would have to be able qualify as "directly related to or made necessary by" the overall project.

Please let me know if you have further questions or concerns.

September 30, 2014
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Sincerely,

Shana Cook Mueller

SCM/pjh

DRAFT