



**GARDINER CITY COUNCIL
AGENDA ITEM INFORMATION SHEET**



Meeting Date	12/15/2021	Department	City Council
Agenda Item	4.n.) Discussion and possible consideration of a final loan payment to the Gardiner Growth Initiative (GGI)		
Est. Cost			

Background Information

The Gardiner Growth Initiative began with a \$125,000 grant to Gardiner Main Street from the Bank of Maine so that GMS could support new businesses moving into our downtown. Loans would go to support these new businesses and, if after 5 years they were still in business, the loan and interest would be forgiven. The City of Gardiner agreed to be the fiduciary agent for the funds with other organizations (GMS and Board of Trade) reviewing applications and awarding the grants. The City agreed that if a loan went into default, they would hire a third party agency to collect on the loan. Loans were given to the following businesses:

06/04/2014: Frosty's - this loan was forgiven on 3/13/2020 as it met the 5 year threshold

01/08/2015: Emery's - this loan was forgiven on 03/13/2020 as it met the 5 year threshold

05/18/2015: Hoppy Days, LLC: the owner has sold the building and the business as well as the inventory from the business before the 5 year threshold. Per a signed agreement, 50% of this loan is outstanding.

On 11/18/2020, Gardiner City Council unanimously approved a two year extension to Hoppy Days, LLC with an agreement maturity date of 11/18/2022 with all original terms standing.

The Acting City Manager was informed by the owner that the business had been sold ahead of the maturity date of 11/18/2022. Anne Davis let the owner know that \$21,749.72 was outstanding on the agreement. This amount reflects 50% of the original loan (\$17,500) and all interest accrued per the signed agreement.

Requested Action	
City Manager and/or Finance Review	
Council Vote/ Action Taken	
Departmental Follow-Up	

City Clerk Use Only	1 st Reading _____	Advertised _____	EFFECTIVE DATE _____
	2 nd Reading _____	Advertised w/in 15 Days _____	
	Final to Dept _____	Updated Book _____	Online _____

PROMISSORY NOTE

\$35,000.00

Gardiner, Maine

May 18, 2015

FOR VALUE RECEIVED, **Hoppy Days, LLC**, a Maine Corporation ("Borrower") promises to pay to the order of **CITY OF GARDINER ("CITY")**, an incorporated municipality organized and existing under the laws of the State of Maine, the sum of **Thirty Five Thousand (\$35,000.00)**, with interest from date hereof until paid on the outstanding principal balance hereof, in manner as follows:

Pre-paid interest due at loan closing equal to Two Thousand Twelve Dollars and Fifty Cents (\$2,012.50) representing 1 years interest on original loan amount. Loan term will be five (5) years from date hereof with a fixed interest rate of five and three-quarters percent (5.75%) per annum. At the end of year 3 of the 5 year term, 25% of the loan principal will be forgiven. At the end of year 4, 50% of the loan principal will be forgiven and at the end of year 5, 100% of loan principal and accrued interest will be forgiven and prepaid interest returned provided all other loan terms and conditions have been met as outlined.

In addition to the foregoing rights, but in no way limiting the same, **CITY** may collect a "late charge" not to exceed five percent (5%) of the outstanding and due balance, if payment of balance due is more than fifteen (15) days in arrears. This late charge will be assessed monthly until all balances are paid. The first of any payment received by **CITY** shall be applied to the payment of any such late charge. Failure by the holder to collect one such late charge shall not be deemed a waiver by the holder of its rights to collect late charges for any other instance of late payment.

All payments due hereunder shall be made to the **City of Gardiner, at 6 Church Street, Gardiner, Maine 04345**, or to such other parties or addresses as the holder hereof may from time to time designate in writing to the maker or other parties liable herefor. This note evidences a loan for business and commercial purposes and not for personal, family, household or agricultural purposes.

This Note is subject to the condition that at no time shall the maker hereof be obligated or required to pay interest at a rate which could subject the holder hereof to either civil or criminal liability, forfeiture or loss of principal, interest or other sums as a result of being in excess of the maximum interest rate which maker is permitted by law to contract or agree to pay or which the holder hereof is permitted to receive. If by the terms of this Note, maker is at any time required or obligated to pay interest in excess of such maximum rate, the rate of interest under the Note shall be deemed to be simultaneously reduced to such maximum rate for so long as such maximum rate shall be in effect and shall thereafter be payable at the rate herein provided.

But in the event of a default in any provision in this note, including but not limited to i.) Borrower closing or relocating place of business outside of Gardiner Main Street's designated Downtown District, ii) Borrower failing to remain open for a minimum of 40 hours per week, or iii) Borrower using loan proceeds for any other purpose or activity than those which are expressly and mutually agreed upon between Borrower and CITY, or in the event of a default in the performance of any of the provisions of any real estate mortgage or security agreement given to secure this note, or in the default in any Guaranty of this note, or in the performance of any of the provisions of any instrument given to secure any such Guaranty, or in the event of a default in the performance of any undertakings or agreements contained in the commitment letter dated April 24th, 2015 from **City of Gardiner**, to **John Callinan** as may be amended from time to time, which commitment letter was signed by said Borrower with reference to this loan, , said Borrowers promise to pay forthwith upon demand the entire indebtedness hereof, including accrued interest and late charges, as applicable, together with reasonable attorney's fees and expenses incurred in the collection thereof.

The makers and the other parties liable herefor, whether principal, guarantor, endorser or otherwise, hereby severally waive demand, notice and protest, and waive all recourse to suretyship and guarantorship defenses generally, including, but not limited to, any extension of time for payment or performance which may be granted to the makers or to any other liable party, any modifications or amendments to this promissory note or any documents securing payment and performance hereof, any act or omission to act by or on behalf of the holder hereon, any release of security, any release of a liable party or parties, and all other indulgences of any type which may be granted by the holder hereof to the maker or any other party liable hereon, and do also agree to pay all costs of collection of the indebtedness evidenced hereby, including reasonable attorney's fees which may be incurred in connection therewith.

If any obligation or portion of this promissory note is determined to be invalid or unenforceable under law, it shall not affect the validity or enforcement of the remaining obligations or portions hereof. The terms and provisions hereof shall be construed pursuant to the laws of the State of Maine. All of the obligations and promises herein are joint and several obligations and promises of the undersigned.

This promissory note is secured by:

- 1) a Security Agreement or Agreements given by the Undersigned to CITY; and
- 2) a personal guarantee of John P. Callinan and Lynn P. Callinan

all of even date herewith.

Borrower may prepay the principal amount outstanding in whole or in part without penalty.

BORROWER[S] WAIVE[S] THE RIGHT TO TRIAL BY JURY OF ANY CLAIMS ARISING UNDER OR IN CONNECTION WITH THIS PROMISSORY NOTE, OR ANY OF THE

SECURITY OR OTHER DOCUMENTS EXECUTED IN CONNECTION WITH THIS PROMISSORY NOTE.

WITNESS our hands and seals this 18 day of May, 2015.

[Signature]
Witness - Patrick Wright

By: [Signature]
John P. Callinan, President

STATE OF MAINE
KENNEBEC, SS.

May 18, 2015

Then personally appeared before me the above named John P. Callinan and _____, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity.

[Signature]
Notary Public/Attorney at Law

Ashlee S. Hunt
Notary Public, Maine
My Commission Expires:
June 26, 2016

GUARANTY

CITY OF GARDINER
6 Church Street
Gardiner, ME 04345

In consideration of any and all loans, advances, acceptances, discounts and extensions of credit made by The City of Gardiner with its principal place of business located at 6 Church Street, Gardiner, Maine, hereinafter called the "City", for the account of, or on behalf of Hoppy Days, LLC hereinafter called the "Borrower", and as an inducement for the City to make future loans, advances, acceptances, discounts, and extensions of credit to, for the account of or on behalf of the Borrower, the undersigned, hereinafter called the "Guarantors", hereby jointly and severally, absolutely and unconditionally, guarantee to the City the punctual payment in full at maturity of the principal, interest and other sums due and to become due from the Borrower to the City at any time and from time to time from date hereof until the termination of the liability of the Guarantors hereunder as hereinafter provided, on account of any and all obligations, indebtedness and liability of the Borrower to the City, whether now existing or hereafter incurred, whether direct, indirect or contingent, whether otherwise guaranteed or secured, and whether on open account or evidenced by a note, draft, check or other instrument or document, all of which obligations, indebtedness and liability are hereinafter referred to as "indebtedness".

The Guarantors expressly waive the following: notice of the incurring of indebtedness by the Borrower; the acceptance of this guaranty by the City; presentment and demand for payment, protest, notice of protest and notice of dishonor or nonpayment of any instrument evidencing indebtedness of the Borrower; any right to require suit against the Borrower or any other party before enforcing this guaranty; any right to have security applied before enforcing this guaranty; and any right of subrogation to the City's rights against the Borrower until the Borrower's indebtedness is paid in full. Guarantors further waive and relinquish any duty on the part of City to disclose to Guarantors any matter, fact or thing relating to the business, operation or condition of Borrower and Borrower's assets now known or hereafter known by City during the term of this guaranty.

The Guarantors hereby consent and agree that renewals and extensions of time of payment, surrender, release, exchange, substitution, dealing with or taking of additional collateral security, taking or release of other guaranties, abstaining from taking advantage of or realizing upon any collateral security or other guaranties and any and all other forbearances or indulgences granted by the City to the Borrower or any other party may be made, granted and effected by the City without notice to the Guarantors and without in any manner affecting their liability hereunder.

Without limitation or any other events of default by the Borrower or Guarantor, in the event that a petition in bankruptcy or for an arrangement or reorganization of the Borrower under the bankruptcy laws or for the appointment of a receiver for the

Borrower or any of its property is filed by or against the Borrower, or if the Borrower shall make an assignment for the benefit of creditors or shall become insolvent, or in the event of the Guarantor's death, all indebtedness of the Borrower shall, for the purpose of this guaranty, be deemed at the City's election to have become immediately due and payable.

Any notice to a Guarantor by the City at any time shall not imply that such notice or any further or similar notice was or is required.

The Guarantors further agree to pay the City any and all costs, expenses and reasonable attorneys' fees paid or incurred by the City in collecting or endeavoring to collect the indebtedness of the Borrower or in enforcing or endeavoring to enforce this guaranty. The Guarantors hereby grant a security interest in all accounts, deposits, and property of the Guarantors with or in the hands of the City as collateral security for the indebtedness of the Borrower, and the City shall have the same right of setoff with respect to deposits and other credits of the Guarantors as it has with respect to deposits and other credits of the Borrower.

The Guarantors further covenant and agree with the City that during such time as this guaranty is in effect, they and each of them will make no material change in their individual financial status and will not sell, mortgage or pledge any real or personal property without having first obtained the City's written consent therefor. In the event of any breach of said covenants and agreements, all indebtedness of the Borrower, regardless of its terms, shall at the City's election, be deemed for the purposes of this guaranty to have become matured, and at the City's election, the Guarantors shall promptly pay to the City the entire amount of said indebtedness of the Borrower, and the City may take any action deemed necessary or advisable to enforce this guaranty.

This guaranty shall operate as a continuing guaranty and shall expire as to any Guarantor only upon written notice signed by such Guarantor or his personal representative and actually received by the City, but such termination shall be effective only as to indebtedness of the Borrower incurred subsequent to the receipt of such notice by the City, and this guaranty shall remain in full force and effect as to all indebtedness of the Borrower theretofore incurred. This guaranty shall be binding upon the Guarantors and their respective heirs, executors, administrators and assigns, jointly and severally, and shall ensure to the benefit of the City and its successors and assigns. The terms "guarantor" and "borrower" and any pronouns referring thereto as used herein shall be construed in the masculine, feminine, neuter, singular or plural as the context may require.

IN WITNESS WHEREOF this guaranty has been executed and delivered to the City by the undersigned Guarantors this 18 day of May, A.D. 2015.

Ashlee S Hunt
Witness

Lynn P Callinan
Lynn P. Callinan

SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of the 18 day of May, 2015 by and between **Hoppy Days, LLC**, a Corporation having a place of business at 339 Water St. Gardiner, Maine Maine (the "Debtor"), and **The City of Gardiner**, a municipality organized and existing under the laws of the State of Maine (the "Secured Party").

WITNESSETH:

WHEREAS, the obligation of the Secured Party to make the Loan is subject to the condition, among others, that Debtor shall execute and deliver this Agreement and grant the security interests hereinafter described; and

NOW, THEREFORE, in consideration of the willingness of the Secured Party to make the Loan and for other good and valuable consideration, the receipt of which is hereby acknowledged, it is hereby agreed as follows:

1. Grant of Security Interest in Collateral. As security for the Secured Obligations described in section 2 hereof, Debtor hereby grants to the Secured Party a present and continuing security interest in and valid lien on all of the Debtor's property described below, opposite those boxes which have been checked and initialed by the Debtor, together with any and all additions and accessions thereto, replacements, proceeds (including without limitation insurance proceeds) and products thereof, and substitutions therefor, wherever the same may be located and whether now existing or hereafter arising or acquired (hereinafter referred to collectively as the "Collateral"):

(initials)

- All business contents, inventory, and equipment now or at time of default located at 339 Water St, Gardiner, ME

2. Obligations Secured by the Collateral. The security interest hereby granted in the Collateral shall secure the due and punctual payment and performance of the following liabilities and obligations of Debtor (hereinafter called the "Secured Obligations" and each individually a "Secured Obligation"):

(a) Payment of principal of, premium, if any, and interest on the Note and any modifications or amendments thereto, renewals or extensions thereof or substitutions therefor;

(b) Performance or payment of any and all other obligations of Debtor to the Secured Party under the Note and the loan documents executed in connection with the Note (collectively, the "Loan Documents") or under any agreement or instrument relating thereto, as the same may be amended from time to time;

(c) Performance or payment of any and all other indebtedness, liabilities or obligations of Debtor to the Secured Party arising from time to time, whether now existing or hereafter arising, including without limitation any and all obligations arising under the Loan Documents, as defined in the Note; and

3. Special Representations, Warranties and Covenants of Debtor. Debtor hereby warrants and covenants to the Secured Party that:

(a) The chief executive office of Debtor and all of Debtor's additional places of business, if any, and the location of all the Collateral are listed at the address set forth below.

(b) Debtor shall not sell or otherwise dispose of any of the Collateral or any interest therein, except for dispositions of inventory in the ordinary course of its business.

(c) Debtor will promptly execute and deliver to the Secured Party such financing statements, certificates and other documents or instruments as may be necessary to enable the Secured Party to perfect or from time to time renew the security interest granted hereby.

(d) Debtor shall immediately notify the Secured Party of any material loss in the value of the Collateral.

(e) The Debtor has not conducted its business under any tradename or trade style other than the name identified at the beginning of this Agreement as its corporate name. The Debtor will not conduct its business hereafter under any other tradename or trade style and will not change its name or its legal status except upon 30 days prior written notice to the Secured Party.

(f) The Debtor is and shall hereafter remain the owner of the Collateral free from any adverse attachments, liens, security interests or other encumbrances with the exception of the security interest granted hereby and such other permitted encumbrances and liens specified in the Note.

(g) Debtor shall maintain casualty insurance coverage on the Collateral in such amounts and of such types as may be requested by the Secured Party and in any event at least in such amounts and of such types as are ordinarily carried by similar businesses. All such insurance policies shall contain a provision whereby they cannot be canceled except after 10 days written notice to the Secured Party and provide the Secured Party as a holder of a lien on the Collateral and shall be payable to the Secured Party and Debtor as their interests may appear. Debtor shall immediately notify Secured Party of any event causing loss or depreciation in value of any of the Collateral. Secured Party may act as the attorney for the Debtor in obtaining, adjusting, settling and canceling such insurance and/or any claims arising thereunder, in endorsing any drafts or checks issued with respect thereto. In the event of any failure of the Debtor to provide insurance as herein required, the Secured Party may at its option (but without any obligation) obtain and/or maintain insurance coverage with respect to the Collateral, without waiving any event of default by the Debtor and any sums expended by the Secured Party in

procuring such insurance shall be deemed a secured obligation which is secured hereunder by the Collateral. The Secured Party may apply the proceeds of any insurance against the secured obligations, whether or not the same have matured, in such order of application as the Secured Party may determine.

4. Fixtures. It is the intention of the parties hereto that none of the Collateral shall become fixtures and Debtor will take all reasonable action or actions as may be necessary to prevent the Collateral from becoming fixtures. Without limiting the generality of the foregoing, Debtor will obtain waivers of lien or disclaimers with respect to any interest in the Collateral, in form satisfactory to the Secured Party, from each lessor and owner of real property on which any of the Collateral is or is to be located.

5. Events of Default. Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions (herein called "Events of Default"):

(a) The occurrence of Default or Event of Default under the Note, the Loan Documents (as defined in the Loan Note) or any other agreement between Debtor and the Secured Party, or any other material agreement or instrument issued by or by and between Debtor and any third party, and such default shall continue beyond the expiration of the applicable period of grace, if any; or

(b) Any material representation or warranty made by Debtor herein shall be false or incorrect when made or if Debtor shall breach or fail to perform or discharge any covenant, agreement or obligation made herein; or

(c) The loss, theft, substantial damage, destruction, sale, encumbrance to or on the Collateral, which is not insured against to the Secured Party's satisfaction in its sole discretion, or the making of any levy, seizure or attachment thereof or thereon.

If any Event of Default shall occur pursuant hereto, then, or at anytime thereafter, Secured Party may declare all Secured Obligations to be in default, whereupon such Secured Obligations shall become due and payable, without notice, protest, presentment, or demand, all of which are expressly waived by Debtor, in addition to and not in any respect in limitation of any other rights or remedies granted to Secured Party hereunder, under the Loan Documents (including the Security Documents and the Note), in any other agreement or document executed in connection therewith or under applicable law.

6. Rights of Secured Party on Default -- General. (a) Upon default, the Secured Party shall have the right to take possession of the Collateral, and in addition thereto, the right to enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Secured Party will give Debtor at least five (5) days' prior written notice by registered or certified mail at the address of Debtor set forth above (or at such other address or addresses as Debtor shall specify in writing to the Secured Party) of the time and place of any public sale thereof or of the time after which any

private sale or any other intended disposition thereof is to be made. Any such notice shall be deemed to meet any requirement hereunder or under any applicable law (including the Uniform Commercial Code) that reasonable notification be given of the time and place of such sale or other disposition. After deducting all costs and expenses of collection, storage, custody, sale or other disposition and delivery (including legal costs and attorneys' and paralegal' fees) and all other charges against the Collateral, the net proceeds of any such sale or disposition shall be applied to the payment of the Secured Obligations in such order of priority as the Secured Party shall determine, and any surplus shall be returned to Debtor or to whomever may be legally entitled thereto. All costs and expenses, including without limitation, legal costs and attorneys' fees, incurred by the Secured Party in enforcing this Agreement shall be chargeable to and secured by the Collateral.

(b) The Secured Party shall have the right to enter and/or remain upon the premises of the Debtor without any obligation to pay rent to the Debtor or any other place or places where the Collateral is located and kept in connection with the exercise of its remedies hereunder.

7. Rights of Secured Party to Use and Operate Collateral, etc. In addition to any other rights or remedies of the Secured Party set forth herein or in any related documents, upon the occurrence of any Event of Default, the Secured Party shall have the right and power to take possession of all or any part of the Collateral, and to exclude Debtor and all persons claiming under Debtor wholly or partly therefrom, and thereafter to hold, store, and/or use, operate, manage and control the same. Without limiting the generality of the foregoing, the Secured Party shall have the right to have a receiver appointed by a court of competent jurisdiction in any action taken by the Secured Party to enforce its rights and remedies hereunder in order to manage, protect and preserve the Collateral and continue the operation of the business of Debtor and to collect all revenues and profits thereof and apply the same to the payment of all expenses and other charges of such receivership, including the compensation of the receiver and to the payment of the Secured Obligations as aforesaid until a sale or other disposition of such Collateral shall be finally made and consummated.

8. Collection of Accounts Receivable Upon Default. Debtor hereby absolutely and unconditionally assigns to Secured Party all accounts as security for the Secured Obligations, provided that until notice by Secured Party, thereafter, Secured Party, subject to the terms of the Note, authorizes Debtor to collect any and all amounts owing on all accounts. The Secured Party may, in its sole discretion, give notice to any account debtors identified of the rights of the Secured Party to and the security interest of Secured Party in the accounts, and effect collection of any such accounts, directly from the account debtor with full power and the sole discretion to settle or compromise disputes or claims relating to such account.

9. Rights Are Cumulative. The Secured Party shall have, in addition to any other rights or remedies contained in this Agreement and any other agreement or related instrument, all of the rights and remedies of Secured Party under the Maine Uniform Commercial Code and enforced in the State of Maine as of the date of this Agreement and as otherwise provided by law.

All of the Secured Party's rights and remedies whether evidenced hereby or by any other agreement or instrument or whether otherwise available shall be cumulative.

10. Waivers, etc. Debtor hereby waives presentment, demand, notice, protest and, except as is otherwise provided herein, all other demands and notices in connection with this Agreement or the enforcement of the Secured Party's rights hereunder or in connection with any Secured Obligations or any Collateral; waives its right, if any, to require the Secured Party to proceed against any guarantor of the Secured Obligations prior to proceeding against any of the Collateral; agrees that the rights of the Secured Party hereunder shall not be affected by any extensions, renewals, indulgences, settlements, or compromises respecting any of the Secured Obligations; consents to and waives notice of the granting of renewals, extensions of time for payment or other indulgences to Debtor or to any account debtor in respect of any account receivable, or substitution, release, surrender or impairment of any Collateral, the addition or release of persons primarily or secondarily liable on any Secured Obligation or on any account receivable or other Collateral, the acceptance of partial payments on any Secured Obligation or on any account receivable or other Collateral and/or the settlement or compromise thereof. No delay or omission on the part of the Secured Party in exercising any right hereunder shall operate as a waiver of such right or of any other right hereunder. Any waiver of any such right on any one occasion shall not be construed as a bar to or waiver of any such right on any such future occasion.

11. Termination; Assignments, etc. This Agreement and the security interest in the Collateral created hereby shall terminate when all of the Secured Obligations have been fully and indefeasibly paid and performed (provided that the Secured Party is no longer obligated to make any additional loans to Debtor or any affiliate) and the expiration of any applicable preference period.

12. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including wire, telex, telecopy or similar writing), may be personally served or sent by telex, telecopier, mail or the express mail service of the United States Postal Service, Federal Express or other reputable overnight or expedited delivery service which provides evidence of delivery, and (a) if given by personal service, telex (confirmed by telephone) or telecopier (confirmed by telephone), it shall be deemed to have been given upon receipt; (b) if sent by telex or telecopier without telephone confirmation, it shall be deemed to have been given twenty-four (24) hours after being given; (c) if sent by mail, it shall be deemed to have been given upon the earlier of (i) actual receipt, or (ii) three (3) Business Days after deposit in a depository of the United States Postal Service, first class mail, postage prepaid, or actual receipt; (d) if sent by Federal Express, the express mail service of the United States Postal Service or other equivalent overnight or expedited delivery service, it shall be deemed given upon the earlier of (i) actual receipt or (ii) twenty-four (24) hours after delivery to such overnight or expedited delivery service, delivery charges prepaid, and properly addressed to Debtor or the Secured Party. For purposes hereof, the address of the parties to this Agreement shall be as follows:

(a) if to Debtor:

**John P. Callinan
94 Wedgewood Dr.
Winthrop, ME 04364**

(b) if to the Secured Party:

**City of Gardiner
6 Church St.
Gardiner, ME 04345**

or at such other address as the party to whom such notice is directed may have designated in writing to the other parties hereto.

13. Indemnity. The Debtor shall indemnify, defend and hold the Secured Party harmless of and from any loss, liability, claim or demands suffered or asserted against the Secured Party with respect to the Secured Party's interest in the Collateral (each of which may be defended by the Secured Party with counsel at the Secured Party's selection at the expense of the Debtor as if such costs or expenses were costs of collection hereunder). The foregoing indemnification shall survive any termination, release or discharge executed by the Secured Party in favor of the Debtor.

14. Waiver of Jury Trial. THE SECURED PARTY AND THE DEBTOR AGREE THAT NEITHER OF THEM NOR ANY ASSIGNEE OR SUCCESSOR SHALL (A) SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM RELATING TO THIS AGREEMENT, THE NOTE, OR ANY RELATED INSTRUMENTS, OR THE DEALINGS OR THE RELATIONSHIP BETWEEN OR AMONG ANY OF THEM, OR (B) SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY THE SECURED PARTY AND THE DEBTOR, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER THE SECURED PARTY NOR THE DEBTOR HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

15. Submission to Jurisdiction. Debtor submits to the jurisdiction of any state or Federal court located within the State of Maine in connection with any suits or proceedings arising from or under this Agreement, and Debtor hereby waives personal service of any and all process upon Debtor, and consents that all such service of process be made by registered mail, or certified mail, return receipt requested, directed to Debtor at the address stated at the commencement of this Agreement (or such other address as Debtor may have given Secured Party notice of under the terms of this Agreement) and service so made shall be deemed to be completed five (5) days after the same shall have been mailed to Debtor's address.

16. Disclosure Consent. Debtor hereby consents to the release and disclosure from time to time by Secured Party to any institution now or hereafter acquiring a participation interest

in any of the Obligations, to any guarantor now or hereafter existing as to any of the Obligations and to Secured Party's parent and affiliated financial institutions of any of the following items or matters: (i) copies or originals of any and all "financial records" of Debtor now or hereafter in the possession or under the control of Secured Party, and (ii) any and all notices, financial and operating reports, balance sheets, financial statements, consultants' reports, and any and all documentation and information of or regarding Debtor heretofore or hereafter provided to or generated by or for the benefit of Secured Party in connection with this Agreement or any of the Obligations now or hereafter existing.

17. Governing Law. This Agreement shall be governed by and construed in accordance with and governed by the laws of the State of Maine.

18. Miscellaneous. This Agreement shall inure to the benefit of and be binding upon the Secured Party and Debtor and their respective successors and assigns, and the term "Secured Party" shall be deemed to include any other holder or holders of any of the Secured Obligations. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. If any provision hereof shall be invalid or unenforceable in any respect or in any jurisdiction, the remaining provisions hereof shall remain in full force and effect and shall be enforceable to the maximum extent permitted by applicable law. No consent, approval or waiver shall be binding unless in writing. The consent, approval or waiver by one or more of the parties constituting a secured party hereunder shall not be binding upon any other party constituting a secured party unless given by an authorized agent. The section headings hereunder are for convenience of reference only and shall not be considered in construing the meaning of the terms and provisions of this Agreement. All representations and warranties of Debtor and all terms, provisions, conditions or agreements to be performed by Debtor contained herein or in any of the other documents delivered pursuant hereto or in connection herewith shall be true at the time of the execution of this Agreement and shall survive the execution and delivery hereof.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as a sealed instrument as of the date above written.

WITNESS:

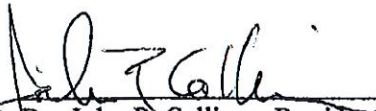


Patrick Wright



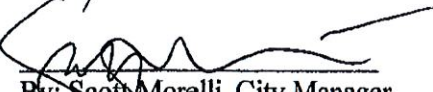
Patrick Wright

Debtor



By: John P. Callinan, President

City of Gardiner



By: Scott Morelli, City Manager

Enter values	
Loan amount	\$ 35,000.00
Annual interest rate	5.75 %
Loan period in years	5
Number of payments per year	1
Start date of loan	5/18/2015
Optional extra payments	\$ -

Loan summary	
Scheduled payment	\$ 8,252.44
Scheduled number of payments	5
Actual number of payments	5
Total early payments	\$ -
Total interest	\$ 6,262.22

Total Principal and Interest 41,262.22

Denise Brown:
Prepaid 1st year of interest on 5/20/2015.
Payable back to borrower after 5 years.

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest	Forgiveness			
										Before Nov. 2021	After Nov. 2021	After Nov. 2022	
1	5/18/2016	\$ 35,000.00	\$ 8,252.44	\$ -	\$ 8,252.44	\$ 6,239.94	\$ 2,012.50	\$ 28,760.06	\$ 2,012.50	Principal due	25% forgiven after 3 years	50% forgiven after 4 years	100% forgiven after 5 years
2	5/18/2017	28,760.06	8,252.44	-	8,252.44	6,598.74	1,653.70	22,161.31	3,666.20	Interest	26,250.00	17,500.00	0
3	5/18/2018	22,161.31	8,252.44	-	8,252.44	6,978.17	1,274.28	15,183.14	4,940.48	Interest	1,653.70	1,653.70	0
4	5/18/2019	15,183.14	8,252.44	-	8,252.44	7,379.41	873.03	7,803.73	5,813.51	Interest	1,274.28	1,274.28	0
5	5/18/2020	7,803.73	8,252.44	-	7,803.73	7,355.02	448.71	0.00	6,262.22	Interest	873.03	873.03	0
											448.71	448.71	0
											30,499.72	21,749.72	0.00



Gardiner Growth Initiative – Forgivable Loan Program and Business Development Program

Over the past two years, the Gardiner Board of Trade, Gardiner Main Street, and the City of Gardiner’s Economic and Community Development Department have implemented and tested the portions of the Gardiner Growth Initiative: a blueprint envisioned, facilitated, and sponsored by The Bank of Maine in 2011. With significant economic and organizational tides having turned in the last two years, Gardiner Main Street stands ready to implement critical steps around business attraction, and we submit this draft implementation plan to The Bank of Maine for your consideration.

Background assumptions and strategies for success – Part 1

Assumption #1: Downtown Gardiner needs a critical mass of high quality restaurant, retail, specialty, and service businesses simultaneously and in right mix, for Downtown Gardiner to support all of its sectors and encourage long term investment.

Strategy – target best business mix: With the help of Hart Consulting, we have completed an initial ‘retail leakage study’ which indicates pent-up demand for certain businesses. Over the next several weeks, Gardiner Main Street’s Economic Restructuring Committee will be refining the results of this analysis to come up with a “top ten” list of desired businesses. We want to identify experienced businesses around Maine and New England, preferably those expanding or re-locating and with a history of success and a reasonable balance sheet, and show them why an investment in Gardiner is sound.

Assumption #2: To minimize risk and re-position Gardiner as a ‘destination’ downtown despite past marginal performance, we need to offer incentives for high-quality businesses to expand or relocate on Water Street.

Strategy – work with building owners to offer stepped rent: During the holiday season, Gardiner Main Street tested this concept with the holiday “Project Pop-Up” program. Building owners with vacant spaces were asked to offer their spaces rent free for November and December. Three businesses paid just the cost of utilities, and filled previously empty spaces. One tenant has remained. This program helped send the message to building owners that we need to be creative in our approach to attract businesses. We will ask owners of targeted spaces to offer 6 months of free or reduced rent for businesses recruited through the initiative. In turn, monies available through the forgivable loan program would be targeted to improve their space.

PHASE 1 (Pilot)

Create a “forgivable loan” program: To lower the financial risk for high impact businesses to locate in Downtown Gardiner, we seek to award 2-5 “forgivable” loans. Having studied other such programs, and looking at our goals of attraction and retention, we suggest the following funding and terms:

- Minimum loan amount: \$10,000, Maximum loan amount: \$50,000. Total capitalization: \$75,000
- Loan amount may not exceed 50% of the total project costs
- Loan is a 5 year, fixed term at 5%
- Borrower makes interest only payments for the term of the loan



- Year 4, 50% of loan principal is forgiven, Year 5, 100% of loan principal is forgiven provided business remains in Downtown Gardiner, and all payments are made in a timely fashion.

Eligibility Criteria:

- Funds may be used to support a new business startup in rare cases (more stringent financing guidelines apply, and track record of previous business success a must), or expansion, relocation of existing business.
- Business must locate in Gardiner Main Street's service territory (see map in draft program statement)
- Preference given to business types identified in "Top Ten" list.
- Preference given to businesses locating in buildings where owner has enrolled in program offering reduced rent.
- Funds may be used only for fixed assets and business related equipment (no working capital) with preference given for infrastructure investments

Gardiner Main Street's Economic Restructuring Committee will be the primary point of contact for initial inquiries, and first round of eligibility review. From there, The Bank of Maine would capitalize and administer the program as a pilot, a function that in Gardiner and other communities has historically been managed by a non-profit community development organization like KVCOG. The primary benefits of this arrangement include an opportunity for The Bank of Maine to capitalize on Public Relations through brand building and innovative community development, making loans that meet Community Reinvestment Act standards, and growing new banking relationships with high quality businesses in the state.

PHASE 2

In previous discussions around the Gardiner Growth Initiative, the concept was for The Bank of Maine to issue a challenge of \$125,000 to create a program to achieve similar ends. Our sense of the current philanthropic climate is that achieving this match without demonstrating success will be quite challenging. Following the opening of the first successful applicant business, Gardiner Main Street and The Gardiner Board of Trade would launch a "Kickstarter" campaign in which we would seek to raise \$75,000 to match the amount previously capitalized by The Bank of Maine in their pilot program, and an additional \$75,000 that would be matched by The Bank of Maine to complete the capitalization of a \$250,000 forgivable loan fund. Program administration would be shifted to community lending institution such as Kennebec Council of Governments after the pilot funds have been exhausted.

Assumption: An aggressive marketing campaign will ensure that this program nets the highest quality businesses and elevates Gardiner's status as a regional hub for business and culture in Central Maine.



The PR side of the equation – Marketing Plan

Strategy – Focus existing resources toward telling our story of innovative business development

Over the past year, working with the City of Gardiner, we have been honing our message. We have benefitted from a strategic blend of earned and purchased media. We will take these lessons and apply them to our forgivable loan effort, as well as an ongoing brand building effort that will lay the groundwork for success. We point to three specific examples that we would aggressively attempt to re-create.

1. **Downeast** - Economic Development Director Nate Rudy had purchased three ¼ page ads in Downeast Magazine, and as part of his negotiation, suggested that Downeast consider an article on Gardiner. Downeast featured Gardiner in an article entitled “Why You Should Move to Gardiner”, a thirteen page article with positive stories and photos of Gardiner which really captured the essence of the gritty determination, hope, and pick-yourself-up-by-the-bootstraps attitude present in the community.

2. **“Project Pop-Up”** - We positioned “Project Pop-up” as a creative way to address difficult economic times, and received television coverage on New England Cable News, Local affiliates of CBS, NBC, and ABC. A radio feature was shared on MPBN’s “Maine Things Considered”, and the Kennebec Journal’s story was picked up on the AP newswire, and seen as far away as Oregon.

3. **Bounty** - Frustrated with the lack of effectiveness of print media, the City of Gardiner announced a \$2,500 bounty to a buyer’s real estate agent who would bring a successful Bed and Breakfast to Gardiner. This winter, a buyer purchased an old church, and is in the process of rehabbing it into a B&B.

Our suggested partnership with The Bank of Maine is something that hasn’t been done before. We feel that by employing the tactics above, and others as coached by The Bank of Maine’s marketing team, we can position Gardiner as an innovative community looking to utilize all creative measures to return its historic downtown to its full potential. We also think that the attention we receive will reflect positively on The Bank of Maine and its position as a forward thinking community bank.

Marketing message/Gardiner brand:

We have two messages that will use a blend of paid and earned media.

1. **To build the Gardiner brand by raising our image in the state as a destination for a great place to live and visit by highlighting local arts, culture, and food.**

1a. - Water Street Café, will soon be open for dinner service with renowned chef Walter Loeman (founding chef of Peretto’s, Cotton St., and Walter’s restaurants in Portland). We will use this as an opportunity to tout Gardiner’s meteoric rise into the food scene including the opening of Vintage Wine Bar and Alex Parkers Steakhouse, and the immanent opening of “Northeast Meats” all within the space of 6 months. We feel that many Maine food and travel writers are frankly tired of writing about Portland restaurants, and that the appeal of discovering a new gem is one that they will be interested in sharing with their readers. In late June, we plan on focusing our messaging around these food destinations, and plan on writing and pro-actively shopping a press release to the Portland Phoenix, Maine Magazine, The Portland Press Herald, Eat Maine, The KJ’s “Travelin’ Mainers, Dispatch, and others.



1b. – Provided the City’s Budget holds up, we plan to launch an ongoing radio campaign on WCLZ, a Brunswick and Portland based station that reaches key demographics. We look to start airing in late July. A \$6,000 investment over six to eight months will provide an opportunity to share with listeners details of the quality of life in Gardiner. We propose a series of segments called “Community Matters Minute”, a PSA-type message that will engage thoughtful listeners in a series of topics ranging from eating locally to supporting downtown businesses to the importance of community and volunteerism. These messages will reflect the values identified in Gardiner’s “Heart and Soul” project. The call to action is to invite individuals and businesses to “Grow with Gardiner”; they will be directed to the new community website growwithgardiner.net to learn more. Area businesses will have the opportunity to join and lengthen this campaign through co-operative advertising. With this WCLZ relationship in place, we will be able to weave in our best cultural events such as Swine and Stein Oktoberfest, Gardiner’s most unique public event.

1c. – Johnson Hall’s new Exec. Director Mike Miclon has made a commitment to a radical change in the format, quality, and frequency of performance. As soon as the 2013/14 season is announced, we will incorporate Johnson Hall’s messaging into our outreach. Mike has connections with WCSHG’s “207” magazine show. We will work closely with Johnson Hall to co-brand the venue with our message of arts and culture.

This rebranding effort is meant to seep into the conscious and subconscious of a broad cross section of the public so that when we launch the incentive program, folks will have an improved impression of Gardiner. The specific initiatives above will augment our existing presence on social media, electronic newsletter, tourism outlets, and traditional media.

2. Utilize press coverage and shoe leather to spread the word about the forgivable loan program.

Starting with media contacts obtained through our “project pop-up” coverage last year, we will tell the unique story of The Bank of Maine’s leadership and cooperative approach with Gardiner Main Street and the City of Gardiner to offer the incentive program described above. Our experience has been that the press is eager to tell stories of communities taking action to creatively solve difficult issues especially when it comes to Downtown revitalization. Since The Bank of Maine will be highly vested in this program, we look forward to working with Renee Smyth and her marketing team at The Bank of Maine to help us further hone our message, and present the story by utilizing the best tactics for getting noticed. After the details of the forgivable loan program are solidified, we will immediately re-engage news outlets that featured “project pop-up”.

In addition to these approaches, for our business attraction strategy, Nate Rudy and Patrick Wright plan a “boots on the ground” campaign by aggressively pitching the incentives to business owners, realtors, and other influential people throughout the state and region. The City of Gardiner has been and plans to continue actively pursuing businesses at MEREDA conferences, as well as face to face meetings with business decision makers in Atlantic Canada. Utilizing the “top ten” list that our Economic Restructuring Committee developed, we will prioritize three specific businesses in each of these categories, and make face to face visits with each in the month immediately following the launch of the project, starting with the growing list of prospectives we have been gathering over the past couple of years. We would also ask The Bank of Maine to help make introductions to suitable businesses by utilizing their network of contacts. We are confident that a coordinated effort with such compelling incentives will allow us to broaden and deepen our ability to attract our targeted businesses.

Policy for Collections – Gardiner Growth Initiative

The purpose of this document is to serve as the guideline by which Gardiner Main Street, The City of Gardiner, and the Gardiner Growth Initiative Review Committee will decide to collect on defaulted loans under the Forgivable Loan Program. The criteria below will be used in order to determine whether or not to proceed with a collections process. The parties will seek to collect on bad debt if:

The business has failed to meet forgiveness criteria, specifically, they fail to be in operation a minimum of 40 hours per week in the Gardiner Main Street service territory, OR they fail to submit annual financial reports in a timely and accurate manner, OR it has been found that they have misused funds, OR it has been found that they have not paid insurance premiums or taxes on collateralized items.

Promissory note shall reflect these above forgiveness/default criteria, and shall include provision that in case of default, applicant will be responsible for attorney fees, and full payment of principal and interest. Loan note may also provide for a default interest rate.

In case of default, prepaid interest shall be forfeited, and the funds may be used to engage in the collections process. A collections specialist which works on a percentage basis will be used to recover loan amount. Any recovered amount shall go back into the Gardiner Growth Initiative Fund to be used for future loans.

In all cases, the parties reserve the flexibility to treat each instance of default on a case-by-case basis. Any deviation from the aforementioned guidelines shall be documented with a memorandum to the loan credit file. At all times, the parties shall document collections actions or decisions not to take action. Default triggers, rates, late payment fees will be specified in commitment letter and loan documentation.