

Islesboro Economic Sustainability Corporation

Board of Directors Special Meeting

Monday June 15th, 2020 – 10AM Teleconference Agenda

Public Welcome

Dial Info: (605) 475-6006 Meeting passcode: 413410#

- All Participants on Call to Mute Their Lines
- Call to Order & Establish Quorum when everyone can hear and be heard.
- Discuss Proposed Purchase and Sale Agreement – to be supplied
- Discuss Camden National proposal re Line of Credit to use as funds for loans.
 - The proposed line of credit allows IESC to borrow in any increments up to \$1,000,000 in total. The loans are secured by our deposits at CNB. The interest rate is a minimum of 3% and no more than 2.5% above the Federal Home Loan Bank advance rate (currently less than 1% for 5 years and less than ½ % for 1 year).
- Adjourn



June 10, 2020

Tom Tutor
Islesboro Economic Sustainability Corporation
P.O. Box 108
Islesboro, ME 04848

In response to your request for a financing proposal, the following are the general terms that we would propose for the financing of various transactions for the corporation.

Please note that the proposed terms and conditions are provided for discussion purposes only and do not constitute an offer, agreement or commitment to lend. The actual terms and conditions upon which Camden National Bank might extend credit to the borrower are subject to the satisfactory completion of our due diligence, documentation review and other terms and conditions as determined by Camden National Bank.

<u>Borrower:</u>	Islesboro Economic Sustainability Corporation
<u>Guarantor:</u>	Not Applicable
<u>Purpose:</u>	Provide a unit line of credit for financing various mission related projects approved by the Islesboro Economic Sustainability Corporation.
<u>Collateral:</u>	First security interest in either cash or acceptable securities held at Camden National Bank
<u>Amount:</u>	An amount not to exceed at any time \$1,000,000 based upon an acceptable advance rate as determined by the bank. The advance rate on cash and/or bonds varies between 90-95%.
<u>Term:</u>	The unit line of credit will have a term of five (5) years.
<u>Repayment:</u>	Each advance will require monthly principal and interest payments based on an acceptable term and maturity/review date, not to exceed five (5) years.
<u>Interest Rate:</u>	The interest rate on each advance will be fixed at the time of each advance at a rate equal to 2.50% above the corresponding FHLB advance rate. All advances will have a floor of 3.00% for the term of each advance.



There will be no prepayment premium on any advance.

Fees: Not Applicable

Costs: All costs incurred to document and perfect this transaction will be paid by the borrower at closing.

Financial Statements: Borrower shall furnish to the Bank interim financial statements as the Bank deems appropriate.

The proposed terms and conditions are provided for discussion purposes only and do not constitute an offer, agreement or commitment to lend. The proposed terms and conditions are based upon the Lender's present understanding of the transaction, borrower and guarantor structure and other preliminary information furnished to the Lender for consideration. The actual terms and conditions upon which the Lender might extend credit are subject to satisfactory completion of due diligence, internal approval, satisfactory review of documentation and such other or different items and conditions as may be determined by the Lender following the completion of its underwriting and as circumstances may dictate upon completion of full due diligence and a more comprehensive review of the borrower, guarantor and/or proposed collateral for the loan.

Thank you for this opportunity.

Camden National Bank

By: Stephen J. Matteo
Name: Stephen J. Matteo
Title: Senior Vice President

SEEN AND AGREED

Tom Tutor

Date

Islesboro Economic Sustainability Corporation

PROFIT AND LOSS

January 1 - June 14, 2020

	TOTAL
Income	
Donations	1,239,335.26
Interest Received	319.23
Total Income	\$1,239,654.49
GROSS PROFIT	\$1,239,654.49
Expenses	
Ask My Accountant (deleted)	0.00
Legal & Professional Services	3,960.75
Office Supplies & Software	789.04
Total Expenses	\$4,749.79
NET OPERATING INCOME	\$1,234,904.70
NET INCOME	\$1,234,904.70

Islesboro Economic Sustainability Corporation

BALANCE SHEET

As of June 14, 2020

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Non Profit Checking (5715)	57,784.94
Promise Premier MoneyMarket (5798)	548,384.76
Total Bank Accounts	\$606,169.70
Other Current Assets	
Receivables	628,750.00
Total Other Current Assets	\$628,750.00
Total Current Assets	\$1,234,919.70
TOTAL ASSETS	\$1,234,919.70
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Uncleared checks	15.00
Total Other Current Liabilities	\$15.00
Total Current Liabilities	\$15.00
Total Liabilities	\$15.00
Equity	
Retained Earnings	
Net Income	1,234,904.70
Total Equity	\$1,234,904.70
TOTAL LIABILITIES AND EQUITY	\$1,234,919.70

CONTRACT FOR THE SALE OF COMMERCIAL REAL ESTATE

This Contract is entered into on _____, 2020, by and between **Isleboro Economic Sustainability Corporation**, whose address is PO Box 289, Isleboro, ME 04848 (hereinafter called the "**Purchaser**"), and **Philip Berry and Audrey Berry**, whose address is _____ (hereafter called the "**Seller**") with respect to real estate known as "Island Market" on Main Road, Isleboro, Maine (hereafter the "**Real Estate**" or the "premises"), and being more fully described in a deed recorded in said County's Registry of Deeds in Book _____, Page _____. Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, the Real Estate and the Property on and subject to the provisions, terms and conditions set forth below.

1. **REAL ESTATE and PERSONAL PROPERTY:** The Real Estate and the items of personal property, equipment and inventory included in this sale on the attached as **Schedule I** are included in this Contract. For all purposes herein, the Real Estate and the Personal Property is considered to be part of and included with the "Property".
2. **PURCHASE PRICE:** The total Purchase Price for the Property is **Five Hundred Fifty Thousand Dollars (\$550,000.00)**, with payment to be made as follows: upon execution of this Contract, a Deposit in the amount of \$_____ is to be paid to and held by the Escrow Agent, and the balance of the Purchase Price shall be due at closing, in cash or certified funds, subject to adjustments herein.
3. **ESCROW AGENT:** _____ ("Escrow Agent") shall hold the deposit in a non-interest bearing account and act as escrow agent until closing.
4. **TITLE; CLOSING DATE:** A (i) deed, conveying the premises in fee simple, with good and marketable title in accordance with Standards of Title adopted by the Maine Bar Association, and (ii) a Bill of Sale for the Personal Property, shall each be delivered to the Purchaser, and this transaction shall be closed, and Purchaser shall pay the Purchase Price as provided herein, and both parties shall execute all necessary papers for the completion of the purchase on or before _____, 2020 ("**Closing Date**"). If Seller is unable to convey title to the premises or the Personal Property in accordance with the provisions of this paragraph on the Closing Date, then the Seller shall have a reasonable time period, not to exceed 30 days from the time the Seller receives written notice of the title defect (unless another time is agreed to by both parties), to remedy the title defect. Seller hereby agrees to make a good-faith effort to cure any title defect during the period provided for herein or such other time as agreed to by the parties. If such defect is not corrected so that there is marketable title within such time period, then the Purchaser may, within 14 days thereafter and at Purchaser's sole option, withdraw said earnest money, whereupon this Contract shall terminate and neither party shall have any further obligation or liability hereunder.
5. **DEED:** The Real Estate shall be conveyed by a **Quitclaim With Covenant** deed, free and clear of all encumbrances **except** covenants, conditions, easements and restrictions of record, provided the foregoing do not adversely affect or impair Purchaser's intended plans for the Property. The Property is agreed to be subject to applicable land use and building laws and regulations, and to public utility easements serving the Property.
6. **LEASES/SECURITY DEPOSITS:** Seller agrees to transfer to Purchaser at closing, by proper assignment thereof, all of Seller's rights under the current and proposed leases to the Property, and also agrees to transfer any and all security deposits held by Seller pursuant to said leases. Details of a Lease(s) to the Mahans and/or the Purdys for the house and the market building located on the Property are set forth on **Schedule II**, attached hereto. If not finalized at the time of this Contract, they shall be agreed upon not later than _____, 2020.
7. **POSSESSION/OCCUPANCY:** Possession and occupancy of the premises shall be given and delivered to Purchaser immediately at closing, unless otherwise agreed by both parties in writing, including the Schedule I leases. Purchaser shall have access to the Property at all times for the purposes described herein related to investigations and evaluations, among other matters.
8. **RISK OF LOSS:** Until transfer of title, the risk of loss or damage to said premises by fire or otherwise is assumed by the Seller, unless otherwise agreed in writing. At the time of closing, the premises shall be in substantially the same condition as at present, excepting reasonable use and wear occurring hereafter.

9. **PRORATIONS:** The following items shall be prorated as of the date of closing:
- a. Real Estate Taxes based on the municipality's tax year. Seller is responsible for any unpaid taxes for prior years.
 - b. Fuel
 - c. Metered utilities, such as but not limited to water, sewer and electricity, shall be paid by the Seller through the date of closing.
 - d. Purchaser and Seller shall each pay one-half of the real estate transfer tax as required by the State of Maine.
 - e. Rents, estimated monthly common area maintenance charges, estimated monthly property tax payments, and all other additional rents received by Seller pursuant to any lease of the property shall be pro-rated to date of closing.
 - f. Other: _____

10. **INSPECTIONS:** Purchaser has sought information from professionals regarding the premises in coordination with Seller. Specific issues of concern and proposed resolutions are set forth on the attached "**Schedule III: Environmental Work**" and "**Schedule IV: Septic Work**". Purchaser acknowledges receipt of a Property Disclosure Form attached hereto. YES: _____; NO: _____. Other than as set forth in any such Property Disclosure Form, Seller make no warranties regarding the condition, permitted use or value of the Seller's real or personal property. This Contract is subject to the following inspections, with the results being satisfactory to the Purchaser and to be obtained, if at all, within the respective RESULTS REPORTED time(s) below:

<u>TYPE OF INSPECTION</u>	<u>YES</u>	<u>NO</u>	<u>RESULTS REPORTED</u>	<u>TYPE OF INSPECTION</u>	<u>YES</u>	<u>NO</u>	<u>RESULTS REPORTED</u>
a. General Building	___	___	Within ___ days	g. Lead Paint	___	___	Within ___ days
b. Sewage Disposal	___	___	Within ___ days	h. Pests	___	___	Within ___ days
c. Water Quality	___	___	Within ___ days	i. ADA	___	___	Within ___ days
d. Radon Air Quality	___	___	Within ___ days	j. Wetlands	___	___	Within ___ days
e. Radon Water Quality	___	___	Within ___ days	k. Environmental	___	___	Within ___ days
f. Asbestos Air Quality	___	___	Within ___ days	l. Other _____	___	___	Within ___ days

The use of "days" in this Section 10 is intended to mean from the date of this Contract. All inspections will be done by inspectors chosen and paid for by Purchaser. If the result of any inspection or other condition specified herein is unsatisfactory to the Purchaser, Purchaser may declare the Contract null and void by notifying Seller in writing within the specified number of days set forth above and, if so notified, the earnest money shall be returned to Purchaser and this Contract shall end without further recourse. If Purchaser does not notify Seller that an inspection is unsatisfactory within the time period(s) set forth above, this Inspections contingency is deemed to be waived by Purchaser. In the absence of inspection(s) mentioned above, Purchaser is relying completely upon Purchaser's own opinion as to the condition of the premises.

11. **LEASES; INCOME AND EXPENSE INFORMATION.** Purchaser shall have _____ days from the effective date of the Contract to review (i) leases of the property and (ii) income and expense information regarding the property. Seller shall make available to Purchaser all such information in accordance with **Schedule II**, attached. If the result of the review is unsatisfactory to the Purchaser, Purchaser may declare the Contract null and void by notifying the Seller within 7 days from receipt of such information, and the earnest money shall be returned to Purchaser. If Purchaser does not notify Seller that the review is unsatisfactory, this contingency is waived by Purchaser.
12. **FINANCING:** Purchaser's obligation to close hereunder is contingent upon Purchaser's obtaining, within _____ days from the effective date of this contract, a written commitment (the "Commitment") from a lender for a mortgage loan of not less than _____% of the purchase price at an initial interest rate not to exceed _____% per annum and amortized over a period of not less than _____ years. Purchaser acknowledges that a breach of this good faith obligation to seek and accept financing on the above-described terms shall be a breach of this Contract.

In the event that the Purchaser is unable to obtain the Commitment and so notifies Seller within **30 days** from the effective date of this contract, then the earnest money shall be returned to Purchaser and this Contract shall terminate and neither party shall be under any further obligation or liability hereunder. If Purchaser does not notify Seller that Purchaser has

failed to obtain the Commitment within the time set forth above, then Purchaser shall be and is deemed to have waived this financing contingency.

- 13. **REAL ESTATE AGENCY/BROKER:** Purchaser and Seller each covenant with the other than she/he/it has not engaged any real estate broker or licensee who may claim a commission in this transaction. Each party agrees to indemnify and hold harmless the other party from and against any inaccuracy made in the foregoing representation
- 14. **DEFAULT:** If the Purchaser fails to perform any of the terms of this Contract, Seller shall have the option of either (i) retaining the earnest money as full and complete liquidated damages or (ii) employing all available legal and equitable remedies. Should Seller elect to retain the earnest money, this Contract shall terminate and neither party shall be under any further obligation hereunder. In the event of default by either party, the Escrow Agent shall not return the earnest money to Purchaser or Seller without written releases from both parties. If a dispute arises between Purchaser and Seller as to the existence of a default hereunder and said dispute is not resolved by the parties within thirty (30) days, Escrow Agent shall file an action in interpleader and deposit the earnest money in the court to resolve said dispute. Purchaser and Seller, jointly and severally, shall indemnify Escrow Agent for all costs, losses, expenses, and damages, including reasonable attorneys' fees, incurred by Escrow Agent in connection with said dispute.
- 15. **MEDIATION:** Any dispute or claim arising out of or relating to this Contract or the premises shall be submitted to mediation in accordance with the Maine Residential Real Estate Mediation Rules. This clause shall survive the closing of this transaction.
- 16. **PRIOR STATEMENTS:** This Contract sets forth the entire agreement between the parties, and there are no other representations, agreements or understandings with respect to the subject matter of this Contract. This Contract shall be construed according to the laws of the State of Maine.
- 17. **HEIRS/ASSIGNS:** This Contract shall extend to and be obligatory upon heirs, personal representatives, successors, and assigns of the respective parties.
- 18. **EFFECTIVE DATE:** This Contract is a binding contract when signed by both Seller and Purchaser and when that fact has been communicated to all parties. Time is of the essence of this Contract.

Seller acknowledges that the laws of the State of Maine provide that every buyer of real property located in Maine must withhold a withholding tax equal to 2 ½% of the consideration unless the Seller furnishes to the Purchaser a certificate by the Seller stating, under penalty of perjury, that Seller is a resident of Maine or the transfer is otherwise exempt from withholding.

Seller and Purchaser hereby accept and agree to the terms and conditions of this Contract set forth above.

Signed this _____ day of _____, 2020.

Seller

Seller

Purchaser

Name/Title, there unto duly authorized

Escrow Agent Signature

Name/Title

_____, 2020.

Schedule I: Personal Property, Equipment, Inventory

Schedule II: Lease(s) of Market and House

Schedule III: Environmental Work.

The Phase II environmental assessment relates to the fact that the property has a modest gasoline tank/pump facility. As best Purchaser understands it that equipment is owned by the grocery store business and they sell gasoline to the public. The current assumption is that the Purdy's will purchase that equipment as part of the business purchase. However, Purchaser should have a conversation with the Purdy's re if that is the right go forward structure. Purchaser knew several months ago that Purchaser would not want to buy the property if there was a cloud over the condition of the gasoline facility. So, Purchaser proposed that the IESC would foot the bill for Campbell Environmental to do a standard Phase I and II assessment (approx \$15,000). Phase I is now complete and Purchaser has the report. Purchaser scheduled Phase II, but it is hung up in the covid-19 timing. Thus, there needs to be a closing contingency on the satisfactory (to Purchaser) completion of any environmental remediation by the property owners and business owners. And the stipulation that all three parties will share in footing the bill for the assessment.

Schedule IV: Septic Project

Septic provision: Seller is proposing to put in a system designed for the house and market buildings. However, if Purchaser may want to renovate portions of property into additional commercial lease space, which may need to have a larger system. Purchaser is working with the seller on this and Purchaser will either accept the system Seller is putting in pre-closing or pay the difference to upgrade the system, at Purchaser's election.