

WISCASSET BOARD OF SELECTMEN,
BOARD OF ASSESSORS AND OVERSEERS OF THE POOR
AUGUST 7, 2012

Preliminary Minutes

(tape recorded meeting)

Present: Judy Colby, Bill Curtis, Chair Pam Dunning, Vice Chair Ed Polewarczyk, Jeff Slack and Town Manager Laurie Smith

1. Call to Order

Chair Pam Dunning called the meeting to order at 5:30 p.m.

2. Pledge of Allegiance to the Flag of the United States of America

3. Discussion with Rick and Vanessa Jordan

Rick Jordan, owner of Jordan Lumber Company, bought the Wiscasset Raceway at auction in July. He has met with Town Planner Misty Gorski and Town Manager Laurie Smith regarding his plans. Jordan said there are environmental issues that have to be dealt with to satisfy the DEP. He will be financing the purchase with the Bank of Maine and at the bank's suggestion, Jordan requested assistance from the town in dealing with back taxes and a reduction in valuation. He said that the taxes on the property valued at \$1million would make the tax burden difficult for a seasonal business.

Assessors' Agent Sue Varney presented a comparison of the valuation of five Maine racetracks with that of Wiscasset Raceway. The Wiscasset Raceway is valued at \$46,000 for the house and \$1,226,100 for 35 acres and the racetrack. She recommended reducing the value of 19 acres from prime commercial to commercial while the racetrack is not operating, which would change the valuation from \$1,226,100 to \$407,100, resulting in a loss of tax revenue of \$12,407.85. At the request of the selectmen, Varney said she would visit the property to verify her findings. Following a report from Varney, the Select Board or the Board of Assessors will consider the change in valuation.

Outstanding taxes for 2010 and 2011 are \$39,412.19 for the raceway and \$1,511.73 for the house. The possibility of abating past years' taxes will be researched legally and discussed by the board on July 28 at 6 p.m.

In response to Vanessa Jordan's question, Laurie Smith said that because the town had not foreclosed on the property, a release deed would not be needed.

4. Executive Session to discuss economic development

At 6:10 p.m., Jeff Slack moved that the Board of Selectmen go into Executive Session pursuant to M.R.S.A. §405(6)(C) to discuss economic development at Mason Station properties. Vote 5-0-0. Bill Curtis moved to exit Executive Session at 7:17 p.m. Vote 5-0-0.

5. Public Hearing: New liquor license for Thai Lao LLC, dba Thai Golden Cuisine, and Praphan Kgewthong and Anongsith Viraphondeth

The public hearing was opened at 7:17 p.m. The various town departments had signed off on the transfer of ownership of the restaurant. There were no comments or questions. **Judy Colby** moved to close the public hearing at 7:18 p.m. **Vote 5-0-0.** **Judy Colby** moved to approve the new liquor license application for Thai Lao LLC, dba Thai Golden Cuisine, and Praphan Kgewthong and Anongsith Viraphondeth. **Vote 5-0-0.**

6. Approval of Treasurer's Warrant: July 24, 2012, July 31, 2012, and August 7, 2012

Judy Colby moved to approve the Treasurer's Warrant of July 24, 2012. Vote 5-0-0. Judy Colby moved to approve the Treasurer's Warrant of July 31, 2012. Vote 5-0-0. Ed Polewarczyk moved to approve the Treasurer's Warrant of August 7, 2012 with the deletion of \$64.07. Vote 5-0-0.

7. Approval of Minutes of July 17, 2012 and July 27, 2012

Ed Polewarczyk moved to approve the minutes of July 17, 2012. Vote 5-0-0. Judy Colby moved to approve the minutes of July 27, 2012. Vote 4-0-1.

8. Special Presentations or Awards - None

9. Appointments - None

10. Public Comment - None

11. Department Head or Committee Chair Report

A. Selectman Slack regarding the RSU Withdrawal Committee

Slack reported that the withdrawal committee had met on July 19 with the ad hoc committee from RSU 12 who would negotiate the withdrawal. The committee had received some financial information from the Superintendent's Office and more is expected this week. Jason Downing Tim Merry, and Mary Meyer had met with the Damariscotta and Boothbay AOSs for preliminary discussions. The committee is waiting for the dollar amount for the withdrawal process from the RSU. The committee can be contacted at their email address (rsucommittee@wiscasset.org) with comments or questions. Of the 11 steps in the plan, the committee is at step 8.

Slack said the committee is working on the withdrawal, which was voted on by the town; however, developing a relationship with other towns is a separate issue and the committee recommended forming an exploratory or negotiating subcommittee to contact another AOS or RSU. The withdrawal committee will determine what it will cost to leave the RSU; the subcommittee should be negotiating with an AOS or RSU.

Slack said that when the withdrawal committee is finished with its work, the voters would have a reasonable estimate of what the cost would be the for first year.

Slack said the proposed committee should have two to three members who would contact other towns to determine what it would cost to join an AOS or RSU. Slack said the committee should have this information in 90 days, although the Department of Education in the past has granted two or three extensions. There was the suggestion that the Withdrawal Committee should determine who is on the subcommittee, as it will be reporting to the Withdrawal Committee.

Slack said before the vote to accept the withdrawal agreement, the voters will know what the costs are to join an AOS, to join another RSU, or to stand alone.

Jeff Slack will present recommendations for the size of the negotiating committee and their duties at the next meeting; members will be appointed in September.

Pam Dunning moved to take up Item 13A before Item 12. Vote 5-0-0.

13. New Business

A. Discussion with Molly Winchenbach, Wiscasset High School's music teacher and Debora Taylor, WHS Principal, regarding a Larabee fund request

Ms. Winchenbach presented a proposal for use of the Larabee funds that included sheet music for band and chorus - \$1,000; piano tuning and instrumental repair - \$800; music supplies - \$200; accompanist for concerts - \$1410; music awards and engraving - \$600; transportation - \$100; and cleaning uniforms - \$600 for a total of \$5,610.. She said a request for Larabee funds had not been made for several years. Laurie Smith said that the income from the fund far exceeds the request. **Judy Colby moved to approve the request for \$5,610 from the Larabee fund for the music department at the high school. Vote 5-0-0.**

12. Unfinished Business

A. Discussion with the Assessor's Agent, Sue Varney, regarding 2012 valuation.

Varney said that after the selectmen's workshop in July, she had found on review that there were too few recent, valid sales to warrant changing the values at this time. She said sales are picking up and more data may be available next year. In response to Steve Mehr's question regarding factoring down, Varney said the state allowed the town's rates to be 10% more or less than fair market value, and Wiscasset's rates were 108%.

B. Mason Station LLC abatement request

Ed Polewarczyk moved to postpone discussion on Mason Station LLC abatement request to Tuesday, August 28 at 6 p.m. Vote 5-0-0.

C. Misty Gorski, Town Planner, regarding the Wiscasset Business Guide and Wiscasset's approach to business

Gorski said the guide had been compiled with help from department heads and Chamber of Commerce in an effort to make Wiscasset business-friendly. It gives anyone starting or relocating a business in Wiscasset a number of town, state and federal resources to consult and provides information on dealing with the town staff. Copies of the guide will be available at the town offices from the Town Clerk or Code Enforcement Officer, from the Chamber of Commerce, several businesses, and the town's website. It was suggested that the guide be on the Chamber website as well.

D. Route One Master Plan Committee

Judy Colby moved to appoint the following members to the Route One Master Plan Committee: Ed Polewarczyk and Judy Colby from the Board of Selectmen; Don Jones from the Transportation Committee; Wayne Averill, Al Cohen and Gary Crosby representing Route One businesses; Heather Pitcher representing Route One residences; Peter West as a bike/pedestrian advocate; the Police Chief; Gerry Audibert, ME DOT, the Town Planner and the Town Manager. Vote 5-0-0.

13. New Business

B. Set the Public Hearing date for the sewer rates

Ed Polewarczyk moved to set the Sewer Rate Public Hearing date for August 21, 2012 at 7 p.m. Vote 5-0-0.

C. Set the Public Hearing date for the Special Town Meeting Warrant for September 11, 2012

Judy Colby moved to set the Special Town Meeting Warrant Public Hearing date for September 11, 2012 at 7:30 p.m. Vote 5-0-0

D. Open bids for Police Cruiser

The following bids were received:

Wiscasset Ford	\$22,150 Ford Interceptor less \$1000 trade in = \$21,150
Quirk, Hallowell	\$23,788 for 2012 Dodge Charger less \$500 trade in = \$22,288
Bodwell Chrysler, Brunswick	\$23,190 for 2013 Charger V-6 less \$1200 trade in = \$21,990
	\$23,990 for 2013 Charger V-8 less \$1200 trade in = \$22,790
Newcastle Dodge	\$22,799 for 2012 Dodge Charger less \$800 trade in = \$21,999

Police Chief Troy Cline said that the State Police use the Ford Interceptor, AWD; the county uses Dodge Charger, RWD. The Wiscasset police officers have been using RWD vehicles and would have to be trained on AWD.

Judy Colby moved to authorize the Town Manager to award the police cruiser bid in coordination with the Police Chief to the lowest qualified bidder. Vote 5-0-0

E. Open bids for plow, sander and dump body package

The following bids were received:

Messer	\$79,995
Viking Snow Plows	\$68,665
H. P. Fairfield	\$65,947

Ed Polewarczyk moved to authorize the Town Manager to award the plow, sander and dump body package in coordination with the Road Commissioner to the lowest qualified bidder. Vote 5-0-0.

F. Open bids for plow truck and chassis

The following bids were received (Option 2 includes plow, sander and dump body)

	<u>Option 1</u>	<u>Trade-in</u>	<u>Option 2</u>	<u>Trade-in</u>
O'Connor Motors	\$89,096		\$167,152	
Portland North Truck Center	\$85,925	\$6,500	\$156,180	\$7,500
Freightliner of Maine	\$88,837	\$11,000	\$188,000	\$11,000
Freightliner of Maine (Demo)			\$171,000	\$11,000

Judy Colby moved to authorize the Town Manager to award the plow truck and chassis bid in coordination with the Road Commissioner to the lowest qualified bidder. Vote 5-0-0.

G. Selectmen communication regarding the September 11 Town Warrant articles

Pam Dunning, at the Town Manager's suggestion, had drafted a letter to the editor explaining how decisions were made relative to the warrant articles that will be on the September 11 ballot. The letter will be given to the newspapers this week, as absentee ballots will be available the week of August 13. In response to Ed Polewarczyk's concerns regarding the timely termination notification under the union contract of the CEO in the event the warrant article on the CEO budget does not pass, the Town Manager, who is in charge of personnel matters, agreed there were legal requirements and she was aware of the situation. **Judy Colby moved to send the letter as amended to the editors. Vote 5-0-0.**

14. Town Manager's Report

A. General Update

Woodex has offered to donate a 2001 Chevy Impala to be used as a courtesy car at the airport. Mileage on the vehicle is 97,455. The cost of insuring it would be \$400. The car would be used locally for visitors flying into the airport. **Judy Colby moved to accept the car from Woodex. Vote 5-0-0.**

Information on the Chewonki campground had been emailed to the board.

The Airport has invited the selectmen to the 2nd annual Lobster Bake on Saturday, August 11 at the airport.

Selectmen were invited to meet with the recreation staff on August 24 on the department's accomplishments and goals. Todd Souza and Smith have met to analyze data, make projections and realignment of duties with a reduced staff.

B. Point East Maritime Village Proposals: Some calls of interest have been received; there is no deadline for proposals.

C. Ambulance Bid: The bid was awarded to Sugarloaf Ambulance and Rescue Vehicles.

D. Town Office Hours: As requested at the previous meeting, the Town Manager proposed a change in the schedule of town office hours as follows:

Monday	8 am to 6 pm
Tuesday	8 am to 4 pm
Wednesday	11:30 am to 4 pm
Thursday	8 am to 5 pm
Friday	8 am to 4 pm

There was a consensus of the board that the hours be changed as proposed. Smith said the new hours would begin possibly after Labor Day.

15. Other Board Business - None

16. Adjournment

Judy Colby moved to adjourn the meeting at 9:15 p.m. Vote 5-0-0.



Town of Wiscasset

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NOTICE TOWN OF WISCASSET

The Wiscasset Board of Selectmen will be holding two (2) public hearings.

The Board of Selectmen will hold a public hearing on Tuesday, August 21st, 2012 at **7:00 pm** at the Wiscasset Town Office Hearing Room for the purpose of discussing a Sewer rate increase. The current rate is \$.076 per cu. Ft. The proposed rate is \$.08 per cu. Ft. to go into effect September 1, 2012.

The Board of Selectmen will also hold a public hearing on Tuesday, August 21st, 2012 at **7:30 pm** at the Wiscasset Town Office Hearing Room for the purpose of discussing the September 11th, 2012 Special Town Meeting Warrant.



Town of Wiscasset

MEMORANDUM

To: Board of Selectmen
Fr: Laurie Smith, Town Manager
William Rines, Wastewater Superintendent
Dt: August 1, 2012
Re: Proposed Wastewater Increases

The FY 2013 budget proposed a Wastewater fee increase from *\$.076 per cubic foot to \$.08 per cubic foot* in order to meet the proposed expenses and begin to invest in the wastewater infrastructure.

Current Rates:

Wiscasset Activated Sludge (750 Users)

- Water usage quarterly min. \$68.40 @ 900 cu. Ft. = \$0.076 cu. Ft. (\$273.60 / year)
- Impact Fee \$6.46 per gallon est. use (\$1,162.80 / 2 bedroom home)
- Connection Fee \$100.00
- 3 employees and 17 pump stations

Comparisons:

<u>Wastewater Comparison Rates</u>				
	Users	Pump Stations	Current Rate Per Quarter	Proposed Rate
Freeport	748	10	\$95.72	
Berwick	1200	2	\$112.50	
Richmond	520	3	\$73.78	
Wiscasset	750	17	\$68.40	\$72.00

Freeport Activated Sludge (900 Users)

- Water usage quarterly min. \$95.72 @ 1,200 cu. Ft. = \$0.079 (\$382.88 / year)
- Commercial Rate \$105.75 quarterly
- Impact Fee \$1,000 per bedroom
- Connection Fee \$100.00
- 5 employees and 10 pump stations

Richmond Activated Sludge (520 Users)

- Flat rate quarterly min. \$73.78 based on 1,136 cu. Ft = (\$295.12 / year = \$0.065 cu. Ft.)
- \$7.37 per additional 1,000 cu. Ft.
- Frontage rate \$73.78 (Sewer runs by property)
- Impact Fee \$1,690.00 / 2 bedroom home
- 4 employees and 3 pump stations

Berwick Activated Sludge (785 Users)

- Water usage \$0.08 cu. Ft.
- Frontage rate \$112.00 / year (Sewer runs by property) (\$448.00 / year)
- Connection Fee \$3,000.00 and \$200.00 Inspection Fee
- 7 employees and 2 pump stations

Proposed Increase:

In order to meet current operational costs, the sewer rates should increase to \$0.08 cu Ft.

Budget FY 2012 - 2013

Expenses	\$ 414,248.00
Misc. Revenues	(\$ 200.00)
Needed Revenue from User Fees	(\$ 414,048.00)

Average billing is 5,000,000 cu.ft. per year. $5,000,000 \text{ cuft.} \times \$.08 = \$400,000$ in revenue

Current revenue = $5,000,000 \text{ cuft.} \times \$.076 = \$380,000$ in annual revenue

History:

Billing started in 2000 at \$0.055 per cu. Ft.

Billing increased in 2006 to \$0.065 per cu. Ft.

Billing increased in 2010 is \$0.076 per cu. Ft.

Billing increase proposed in 2012 is \$0.08 per cu. Ft.

To Charles DiPerri, Constable, of the Town of Wiscasset in the County of Lincoln.

GREETINGS: In the name of the State of Maine, you are hereby required to notify and warn the inhabitants of the Town of Wiscasset, in said County and State, qualified by law, to vote in Town affairs to meet at the Wiscasset Community Center on Tuesday, the 11th day of September, 2012 from 8:00 A.M. until 8:00 P.M., then and there to act on the following articles:

Article 1. To elect a moderator to preside at said meeting.

And to vote by secret ballot on the following articles:

Article 2. Shall any of the following Departmental Budgets fail to pass, shall the Town authorize the Selectmen to expend 3/12 of the previous year's Budget, this being additional to the 3/12 approved at the June 12th Annual Town Meeting?

Board of Selectmen recommendation: 4 Favor; 0 Oppose; 1 Absent
Budget Committee recommendation: 0 Favor; 7 Oppose

Article 3. Shall the Town vote to raise and appropriate for Code Enforcement the sum of \$48,674?

Board of Selectmen recommendation: 5 Favor; 0 Oppose
Budget Committee recommendation: 0 Favor; 7 Oppose

Article 4. Shall the Town vote to raise and appropriate for Contingency the sum of \$50,000?

Board of Selectmen recommendation: 5 Favor; 0 Oppose
Budget Committee recommendation: 0 Favor; 7 Oppose

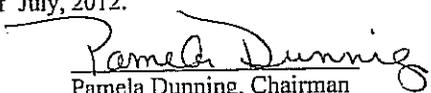
Article 5. Shall the Town vote to raise and appropriate for Lincoln County Television the sum of \$5,000?

Board of Selectmen recommendation: 5 Favor; 0 Oppose
Budget Committee recommendation: 0 Favor; 7 Oppose

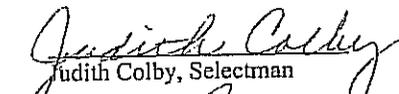
And you are directed to serve this warrant by posting a copy thereof, attested by you, in a public and conspicuous place in said town, seven days, at least, before the time of holding said meeting.

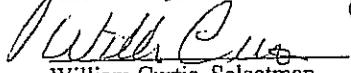
Hereof, fail not, and due return make of this warrant to the Selectmen or Town Clerk, with your doings thereon, on or before the time of holding said meeting.

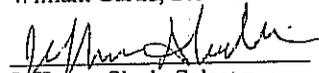
Given under our hands this 27th day of July, 2012.


Pamela Dunning, Chairman

Edward Polewarczyk, Vice Chairman


Judith Colby, Selectman


William Curtis, Selectman


Jefferson Slack, Selectman

True Attest Copy: _____

Posted on: _____

8a



July 30, 2012

Town of Wiscasset
c/o Town Manager Laurie Smith
51 Bath Road
Wiscasset, ME 04578

Dear Laurie,

The fog rises from the Sheepscot as lobster boats head out and Main Street begins to stir – a moment that reminds us how fortunate we are to live in this beautiful place. Today, Wiscasset village is a unique community of families, businesses, churches, and one-of-a-kind historical treasures. It's more remarkable once you start uncovering layers of the past, for all the stories found along the waterfront and the 19th century streets.

There's a new opportunity underway that will capture this history and make it public year-round. Wiscasset's Museum in the Streets™ will greet visitors on a self-guided walking tour, engage school children and residents in local history and our economy, natural resources, arts and culture, and educate and inspire all who walk through our gem of historic Maine architecture. The WMITS project will fund and install about 40 display panels throughout the village. The project is based on new research into incredible public and private photography collections and historical sources. Our goal is to raise \$45,000 for professionally-designed and manufactured panels, their installation and maintenance, a new map and brochure, and photo re-productions.

There are several town properties which we hope to feature in the panels or where the panels may be located. We'd like to attend a Selectmen's meeting to talk about the initial layout of the proposed walking tour, to get ideas and comments, and to obtain permission where needed. The WMTIS Committee is also trying to raise most all of the necessary funds within the community, and would hope the Town would consider sponsoring a panel. A Committee member will be in touch to follow up with you about attending the Selectmen's meeting and possible funding.

By the spring of 2013, the eye-catching panels with incredible photographs and intriguing tales will entice visitors to stay longer and return with friends and family. Building on Wiscasset's already exceptional assets, the project will encourage people to spend more time in our outstanding shops, restaurants, trades, and services. The project – we believe – will deepen community pride and create economic impact for years to come – thanks so much for the Town's support so far, and we look forward to future success!

Sincerely,

Cheryl Rust
Honorary Co-Chair

Roy Farmer
Honorary Co-Chair

8a.

**Wiscasset Museum in the Streets:
Proposed Panel Locations on Town Property**

Town property	Historic/Familiar Name of Property, Sign Images
Maine Art Gallery	1807 Wiscasset Academy, now Maine Art Gallery
Sunken Garden	1766, Tavern, 1844 Hilton House, Sunken Garden, 1903
The Commons ?	1886 Hay and wood vendors on common, The Commons, 1885-1943
The Commons	sign for Library/Bank
The Commons -- INTRO PANEL	Town Common
sidewalks - south side	Lower Main Street and Wiscasset Bridge, 1847-1939
sidewalks - south side	Rundlett Block, 1871 Sol. Holbrook, 1892, watches, clocks and jewelry
sidewalks - south side	1890 Wawenock Block, 1858, F.E. Johnson, 1892
Creamery/Main St Pier	WW&F RR Narrow Gauge (on Creamery Pier)
Creamery/Main St Pier	Hesper and Luther Little, 1932 (on Creamery Pier)
Creamery/Main St Pier	Richard III on Creamery Pier
Recreational Pier	Wiscasset Built Ships: <i>When and If</i> , 1939; <i>Casilda</i> , 1837; <i>Tamerlane</i> , 1854
Recreational Pier	Wiscasset Built Ships: <i>Huntress</i> , 1808; <i>Samoset</i> ; <i>Talassar</i> , 1847; <i>Hiram Abiff</i> , 1864
Comm/Memorial Pier	Sunday Sailing Party, 1900
Comm/Memorial Pier	Sortwell's " <i>Shada</i> " at the end of Steamship Wharf (Recreational Pier)
Comm/Memorial Pier	1917 Narrow Gauge Railroad

1/a

Memo

To: Wiscasset Board of Selectmen
From: Jeff Slack, Mary Meyers, Jason Downing and Timothy Merry.
Date: 8/15/2012
Re: Wiscasset Withdrawal Sub-Committee

The Wiscasset Withdrawal Committee would like to create a stand-alone sub-committee consisting of 5 members whose purpose would be to focus on the future of Wiscasset schools.

The duties of each member would include:

- What kind of shape our schools are in and determine needed future repairs, additions, etc.
- What would be the economic impact on the Town if we needed to close a school or tuition our kids out.
- Education of our children; where are we now and where do we want to be in the future.

MUNICIPAL RELEASE DEED

TOWN OF WISCASSET ("Grantor"), a Maine municipal corporation located in Lincoln County, Maine, FOR CONSIDERATION PAID, releases to **THE BANK OF MAINE** ("Grantee"), a federally chartered bank with a principal place of business at 190 Water Street, Gardiner, Maine, all its right, title and interest, in and to, certain real property, together with the buildings and improvements thereon, situated in the Town of Wiscasset, Lincoln County, Maine, shown on Map R05, Lot 045 & Map R05, Lot 046 on the Assessor's maps of the Town of Wiscasset, Maine, on file in the Office of the Assessor, Town Office, Wiscasset, Maine, which was acquired by virtue of tax liens recorded in the Lincoln County Registry of Deeds in Book 4297, Page 309; Book 4419, Page 17; and Book 4419, Page 18.

Being the same property described in a Quitclaim Deed with Covenant from David W. St. Clair and Sandra L. St. Clair to Wiscasset Raceway, LLC dated July 24, 2007 and recorded at Lincoln County Registry of Deeds in Book 3885, Page 137.

The Inhabitants of the Town of Wiscasset have caused this instrument to be signed in its corporate name by the undersigned, its Selectmen duly authorized this _____ day of _____ 2012.

Witness

Inhabitants of the Town of Wiscasset

Pamela Dunning, Selectperson
Chairman of the Board

Judith Colby, Selectperson

William Curtis, Selectman

Edward Polewarczyk, Selectman

Jefferson Slack, Selectman

State of Maine
Lincoln County

_____, 2012

Then personally appeared before me the above- named Pamela Dunning, Selectperson of the Inhabitants of the Town of Wiscasset, and acknowledged the foregoing to be her act and deed in her said capacity and the free act and deed of the Inhabitants of said Town.

Before Me,

Notary Public

Print Name:

My commission expires:

401/457 PLAN LOAN PROGRAM IMPLEMENTATION PACKET FOR EMPLOYERS



This packet includes:

- A Guide to Implementing a Loan Program
- Loan Guidelines Agreement for a Retirement Plan
- Suggested Resolution for a Legislative Body Relating to Amending a Retirement Plan to Permit Loans
- Loan Administration Agreement for Section 457 Deferred Compensation Plans
- Amendment to Adoption Agreement for Section 401 Plans

LOAN PROGRAM IMPLEMENTATION AT-A-GLANCE

In this Loan Program Implementation Package, you will find:

- *A Guide to Implementing a Loan Program* – This brochure details the issues you should consider in designing your loan program.
- *Loan Guidelines Agreement for a Retirement Plan* – These guidelines must be completed before loans can be made from your retirement plan. This document enables you to establish the features of your loan program.
- *Suggested Resolution for a Legislative Body Relating to Amending a Retirement Plan to Permit Loans* – We have included one version that can be used for any plan type – Section 457 Deferred Compensation plans, Section 401 Money Purchase plans, and Section 401 Profit-Sharing plans. If your governing body requires that a resolution be passed when amendments are made to the plan, we have included a suggested resolution for your use. If your governing body does not require that a resolution be passed, please disregard the suggested resolution.
- *Loan Administration Agreement for 457 Plans* – This document applies only to 457 plans where more than one provider is involved in loan administration. If you have adopted a single 457 plan document under which ICMA-RC and one or more other providers must operate, you may ultimately have to self-administer your loan program unless you agree to the requirements specified in this Agreement.
- *Amendment to Adoption Agreement for Section 401 Plans* – This document applies to 401 plans only and amends your current plan to allow loans.

Steps to Implement a Loan Program for your ICMA-RC Retirement Plan:

- (1) Carefully read *A Guide to Implementing a Loan Program*.
- (2) Complete the *Loan Guidelines Agreement*.
- (3) Using the Suggested Resolution as a guide, obtain a resolution from your governing body to adopt the loan provision (if required).
- (4) Execute the *Loan Administration Agreement* (457 plans only) or the *Amendment to Adoption Agreement* (401 plans only).
- (5) Return the completed *Loan Guidelines Agreement*, a copy of the resolution (if required by your entity), and either the *Loan Administration Agreement* (457 plans) or the *Amendment to Adoption Agreement* (401 plans) to:

ICMA-RC
Attention: New Business Analyst
777 North Capitol Street NE
Washington, DC 20002-4240

Please allow 10 business days to set up your plan to allow loans.

Please contact our Plan Sponsor Services Team at 800-326-7272 if you have any questions about implementing your Retirement Plan Loan Program.

A GUIDE TO IMPLEMENTING A LOAN PROGRAM



A loan program in your retirement plan provides eligible plan participants the ability to borrow funds from their plan account balance. Adding loans to your retirement plan is a big step. As the administrator of your loan program, ICMA-RC will attempt to minimize the amount of resources you need to devote to the program.

However, there are administrative and fiduciary responsibilities associated with offering loans which, as a practical matter, cannot be delegated to ICMA-RC. For this reason, before you design a program that is right for you and your employees, there are several issues you may wish to consider. And the decisions you make in designing your loan program will determine the resources you, as the plan sponsor, will have to commit to that program.

This brochure details the issues you should consider in designing your retirement plan loan program.

LOAN GUIDELINES

In order to offer loans from a retirement plan, the Internal Revenue Code (the Code) requires that you establish written guidelines that govern the granting of loans. Included in this packet is the Loan Guidelines Agreement that you must complete and formally adopt to establish your loan program.

Along with completing the *Loan Guidelines Agreement*, you must amend your plan document to allow loans. You will need to send to ICMA-RC a statement executed by a designated official or resolution approved by your governing body, as applicable to your plan. In addition, if you are adding a loan provision to a 401 plan, the adoption agreement applying to that plan must be amended. A sample resolution and an adoption agreement amendment form are included in this package. If you have any questions about amending your plan document to allow for loans, please call our Plan Sponsor Services Team toll-free at 800-326-7272.

The Code provides you with some flexibility when establishing your Loan Guidelines as long as the guidelines are consistent with the plan document provisions on loans and with section 72(p) of the Code.

1. Eligibility (Section II in Loan Guidelines Agreement)

You may allow a loan to be taken from (1) vested employer contributions and/or (2) participant account balances. You may designate whether or not a loan may be taken

- (A) for all purposes or
- (B) only in the case of hardship or other certain specified financial situations.

401 Plans: Under the Code, only employers can authorize a hardship for loan purposes. Upon request, ICMA-RC will provide an opinion to you concerning the likely compliance of the hardship within the requirements of the Code and regulations. Normally, for loan purposes, hardship and other specified situations include, but are not limited to: unreimbursed medical expenses, buying or rehabilitating the participant's principal residence, and paying for college education for the participant or his/her dependents. Car loan, car repairs, and the purchase or repair of a vacation or rental property would not be included in the hardship definition.

The option you choose to define "loan purpose" in the Eligibility section will have a significant impact on the number of loans made from your plan. Obviously, if you choose "for all purposes," more of your employees will request loans than if you select "hardship or other specified financial situations only."

457 Plans: Loans must be coordinated with unforeseeable emergency withdrawals. The emergency withdrawal regulations under Section 457 of the Code require that an emergency withdrawal be a resource of the "last resort." If the participant is able to take a loan from your ICMA-RC 457 plan or any other plan you sponsor, the participant has resources available to meet, or partially meet, the financial need. Therefore, a participant will be required to take a loan before taking an emergency withdrawal.

Many emergency withdrawals are not approved because the financial need, while serious, may not meet the conditions itemized in the 457 regulations. The ability to take a loan will allow participants access to money that is not otherwise available. And the repayment provisions for loans ensures that participants replenish their accounts, thereby preserving their retirement savings.

2. Loan Purpose and Application Process (Section III and IV in Loan Guidelines Agreement)

- (A) Active Employees Only – Loans are available only to active employees. Former employees, beneficiaries, and alternate payees may not take a loan.
- (B) Request Submittal – If you select to allow loans for ALL purposes, loan requests may be submitted by participants through the Account Access website (Online) or with an Investor Services representative via Loan By Call Center.

If you select to allow loans for hardship purposes, a loan application must be completed, signed by the participant and approved by you, the employer.

Under the Code, the amount of the loan may not exceed a maximum amount. *The amount available for a loan is affected by all other loans the participant may have outstanding or has recently paid off from your ICMA-RC*

retirement plan, and any other retirement plans you sponsor. Please refer to page 7 for a worksheet illustrating how maximum loan amounts are calculated. The loan modeling option on ICMA-RC's Account Access website incorporates this calculation automatically.

- (C) **Check Issuance** – If you elect to allow loans for ALL purposes, ICMA-RC sends loan documents with the loan check to the participant. When the participant endorses the check, that endorsement signifies acceptance of loan terms.

If you elect to allow loans for HARDSHIP purposes, the participant is required to sign the acceptance of a promissory note evidencing the loan and disclosure statement, which includes an amortization schedule. Upon receipt of an approved loan application, ICMA-RC will prepare these loan documents and send them, along with the loan check. The loan check may not be given to the participant until the loan documents have been signed by the participant. Because the promissory note is considered a plan asset, all loan documents must be complete and preserved by ICMA-RC for at least the life of the loan.

For payroll-deducted loan repayments, once a loan is issued, your payroll department must ensure that loan repayments are withheld from the employee's paycheck each pay period, in the amount specified or the amortization schedule, until the loan is repaid in full. It is essential that the amortization schedule coincide with your payroll cycle. ICMA-RC can help you determine the first pay date on which you should withhold loan repayments.

3. Frequency of Loans (Section V in Loan Guidelines Agreement)

Participants may receive only one loan per calendar year. However, you may elect to allow participants to have either

- (A) only one loan outstanding at a time or
(B) no more than five loans outstanding at one time.

The option you choose under Frequency of Loans will have an impact on the number of loans made from your plan. It may also have a direct impact on your payroll system if you select Payroll Deduction as a repayment option for your participants. *Each loan repayment for each pay period must be accounted for separately.* Repayments of multiple loans are a much larger burden on your payroll system (and personnel) than a repayment of a single loan.

4. Length of Loan (Section VII in Loan Guidelines Agreement)

Generally, all loans must be repaid within five years from the date the loan is made. There is an exception for loans used to buy, but not to improve or repair, a principal residence. In the case of a loan for buying a principal residence, you may specify the number of years, not to exceed 30, over which the loan must be repaid.

In determining the maximum repayment period for residential loans, you should be mindful that the loan term may extend beyond the period the participant is employed by you. If you allow employees to continue to pay their loans after they separate from service (see Acceleration of Loan Repayment on the next page), repayments would continue by the participant, through you, for the entire term of the loan (e.g., 30 years). Every payroll period, the participant (former employee) will be required to give you a check for the periodic loan repayment amount. You then include this amount with your next contribution submittal to ICMA-RC. *Loan repayments may not be made directly to ICMA-RC by the participant, unless you choose ACH debit as a repayment option.*

5. Loan Repayment Process (Section VIII in Loan Guidelines Agreement)

All loans must be repaid either through payroll deduction or through ACH debit as long as the employee is actively employed by you. For payroll deducted payments, ICMA-RC's media (EZLink) used for remitting contribution detail, allows for the inclusion of loan repayment detail. Participants may pay off their loans early by requesting that you submit a larger repayment amount from their pay on their regularly scheduled repayment dates through your contribution submittals to ICMA-RC. Please note that no payment date may be "skipped" even if the employee has made a large payment or submitted multiple payments.

The enclosed Loan Guidelines Agreement form allows your plan to offer a participant the option of making loan repayments via direct debit of the employee's bank account. Direct debit is authorized by the participant and allows ICMA-RC to debit loan repayments from the participant's bank account via Automated Clearing House (ACH). With this feature, you are free of the burden of establishing and monitoring payroll deduction and submitting of repayments to ICMA-RC.

Please note that you will not be notified directly when a participant's bank account has insufficient funds for a complete loan repayment. The EZLink loan reports that will be available to you online will provide this information. It is possible that participant loans may default more often for lack of repayment when participants choose ACH repayment rather than payroll deduction. You may choose to restrict certain participants to payroll deduction for this reason.

In implementing a loan program you should be aware that some employers who offer loans through their retirement plan have had to contend with the inability of some participants to repay their loan(s). You should be aware that you may *not* stop taking loan repayments from the employee's paycheck — even if the employee asks that repayments be stopped. Failure to payroll-deduct loan repayments on schedule could both jeopardize the eligibility or qualification of the entire plan as well as create a taxable event for the participant.

Likewise, if an employee is repaying the loan through ACH debit of his/her bank account, and the employee fails to make payments, this could jeopardize the eligibility of your retirement plan. Employers are ultimately responsible for ensuring that loans are repaid according to the loan terms. ICMA-RC assists you by notifying both you and the employee if a payment has not been received.

Your plan may allow terminated employees to continue to repay their loans either through ACH debit of their bank account, or by giving/sending you a check each repayment period (refer to Acceleration of Loan Repayment section on page three). If you adopt this latter repayment method, you will include the repayment amount given to you by the former employee in your next regular employee contribution remittance to ICMA-RC.

If a participant has more than one loan outstanding at any one time, then each loan repayment must be separately reported to ICMA-RC.

6. Acceleration of Loan Repayment (Section XI in Loan Guidelines Agreement)

You have three options for determining how outstanding loans are accelerated:

- A. All loans are due and payable in full upon the employee's separation from service. The employee may not continue to pay off his/her loan once he or she separates from service.
- B. After separation from service, all loans are due and payable in full as soon as the participant takes a withdrawal of any amount from the plan.
- C. After separation from service, all loans are due and payable in full only when the participant withdraws his/her entire account balance.

You should consider these options carefully, since each provision could result in a taxable event for the participant. If a participant does not repay the outstanding loan amount at the time it is due, the loan is "foreclosed." This means that the outstanding loan amount must be reported by the plan administrator (ICMA-RC) as a taxable distribution in the year of the foreclosure.

On the other hand, given the burdens associated with collecting loan repayments from former employees, you may not wish to maintain a potentially long term "relationship" with former employees (especially in the case of residential loans).

You should carefully consider the level of responsibility each option entails.

7. Deemed Distribution of Delinquent Loans (Section XV in Loan Guidelines Agreement)

Internal Revenue Service (IRS) regulations governing participant loans issued after December 31, 2001, have provided clarification on requirements for loan processing. The regulations have always established loan criteria, such as term and borrowing limitations. However, the regulations now specifically illustrate how plan sponsors should treat delinquent loans, which violate the special rules allowing loans to be made from retirement plan assets.

A loan typically becomes a deemed distribution when scheduled payments are not made in adherence with the granted "cure period." The maximum allowable cure period is the end of the calendar quarter following the calendar quarter in which the payment was due. For example, if a participant's loan payment is due February 1st, the maximum cure period for the repayment is June 30th. If the total amount of all delinquent payments is not received by the end of the cure period, the loan is deemed a distribution. The principal balance, in addition to any accrued interest, is reported as a distribution to the IRS. However, the taxable distribution is not the only event in conjunction with a deemed distribution. The following negative consequences occur as a result of deemed distribution.

- The deemed distribution is a taxable event. However, it is not an actual distribution and therefore remains an asset of the participant's account. The outstanding loan balance and accrued interest are reported on the participant's account statement.
- Repayment of a deemed distribution will not change or reverse the taxable event.
- The loan continues to be considered outstanding until it is repaid or "offset" using the participant's account balance. An offset can occur only if the participant is eligible to receive a distribution from the plan as outlined in your plan document.
- ICMA-RC requires participants to repay any outstanding deemed distributed loan before they can become eligible for a new loan. The deemed distributed loan and any interest accrued since the date it became a taxable event is taken into account when determining the maximum amount available for a new loan.

- An IRS ruling requires that a participant who has had a prior deemed distribution must make repayments to a new loan through payroll deduction, or provide proof of adequate security.

Employers, as plan sponsors and fiduciaries, have an obligation to comply with plan document and loan guideline requirements applicable to participant loans. In this regard, loan payments must be made in accordance with the plan document, plan loan guidelines, and as reflected in the promissory note signed by the participant. Employers retain this obligation if there is a loan program associated with their retirement plan, even if participants apply for loans online, and regardless of the payroll deduction method of repayment.

Employers who do not ensure proper loan repayment practices in their retirement loan programs risk not only having individual participant loans being deemed distributions, but also potentially jeopardize the tax-favored status of the entire plan. In the extreme, plans with mismanaged loan programs – a high occurrence of deemed distributed loans, and/or program participants in default, for example – may be disqualified (in the case of 401 plans) or classified as ineligible (for 457 plans) by the IRS. Disqualification results in the loss of tax-deferred status for all contributions and a possible increase in the taxable income for participating employees.

It is a plan sponsor's and plan administrator's fiduciary obligation to properly manage the retirement plan and its benefits. Mismanagement of a loan program may be considered failure to meet this fiduciary obligation and may expose a plan sponsor to litigation, in addition to being in violation of applicable laws and regulations.

To assist plan sponsors whose plan options include loans, ICMA-RC will provide reports of participants with payments delinquent by 30 to 89 days, 90 or more days but not yet deemed, and those whose loans have been deemed distributed. ICMA-RC is committed to supporting employers who request assistance with their loan programs in order to reduce the number of delinquent loans and decrease the occurrence of deemed distributions.

SPECIAL CIRCUMSTANCES

If you have more than one retirement plan, ICMA-RC will administer your loan program, but you will have to perform some loan verification activities. You will also have to perform these activities if loans are available to your employees from several like retirement plans, such as two different qualified plans, or if you have different types of retirement plans (e.g. Section 457 deferred compensation and section 401 qualified plan). The degree of your involvement will depend on your situation.

1. Multiple Plans

If you offer *several retirement plans*, each with its own plan document and provisions unique to each administrator, ICMA-RC and your other administrators should be able to administer loans because these are distinct plans and the loan provision applies at the *plan* level. However, the Code sets a maximum on the aggregate of all loans from all retirement plans in which the employee participates. No provider will be able to calculate, by itself, the maximum amount that a participant may borrow at any point in time. Since only you, the employer, can determine the current outstanding loan balance and the highest outstanding loan balance in the past 12 months from all loans from any retirement plans, you will have to calculate the maximum amount that may be borrowed. This will involve obtaining all loan amounts currently outstanding and repaid in the last 12 months. For your convenience, ICMA-RC has developed a worksheet to illustrate the maximum loan amount available. [See Page 7, "Calculating the Amount Available for a Loan."]

If you elect online loans, participants are asked to input all outstanding loan balances in their online worksheet so that the program can properly calculate the maximum amount. Participants are on the "honor system" when they enter other loan amounts; ICMA-RC is unable to verify any loan amounts associated with plans administered by other providers. However, if there are any outstanding loans in other plans administered by ICMA-RC, our online program will take them into account.

2. Single Retirement Plan/Multiple Providers

If you have adopted a single retirement plan with one master plan document under which ICMA-RC and your other administrator(s) must operate, then you may ultimately have to self-administer your loan program, *unless* you require:

- that the maximum that may be borrowed from any provider is 50 percent of the balance with that provider and
- that the loan must be repaid only to the provider from which the loan was made.

If you do not impose these requirements, you may have to self-administer your loan program. This is because of:

- Problems calculating the loan amount.

The amount available for a loan is based, in part, on the total account balance in *the plan*. Since employees *may* have balances with more than one of the administrators, only you, the employer, can determine the actual account balance by aggregating the balance for each administrator.

The Code sets a maximum on the aggregate of *all* loans from all retirement plans in which the participant participates. Since only you can determine the current outstanding loan balance and the highest outstanding loan balance in the past 12 months from all loans from any retirement plans, you will have to calculate the maximum amount that may be borrowed. This will involve obtaining *all* loan amounts currently outstanding and repaid in the last 12 months. For your convenience, ICMA-RC has developed a worksheet to illustrate the maximum loan amount available. [See Page 7, "Calculating the Amount Available for a Loan."]

- Problems preparing loan documents.

Each loan has terms and conditions that are reflected in the promissory note, disclosure statement and amortization schedule for the loan. Other providers may be able to prepare these documents if given all the pertinent information about the loan by you. However, the other provider may be reluctant to provide documents for a loan to which it is not a party. And it may be difficult for the other provider's system to provide documents for a loan in an amount that exceeds what its system shows is available.

- Problems keeping accurate loan records.

Since loans are generally made and recordkept on a plan level basis, theoretically, a participant could take a loan in the amount of his/her entire balance with one administrator because the loan is collateralized by the balance with another administrator. And the participant may elect to allocate loan repayments either between administrators or to an administrator other than the administrator who made the loan. Unless a loan is unique to one of the administrators, both in amount and repayment terms, only you, the employer, will be able to track loan repayments, especially if repayments are being made to more than one administrator.

3. Multiple Types of Retirement Plans/Multiple Providers

If you make loans available to your employees from all of your retirement plans (e.g. Section 457 deferred compensation plan and Section 401 qualified plan), each plan administrator should be able to administer loans because these are distinct plans and the loan provision applies at the plan level. However, no administrator will be able to calculate, by itself, the maximum amount that a participant may borrow at any point in time. This is because the Code sets a maximum on the aggregate of all loans from all 401 and 457 plans in which the participant participates. Since only you, the employer, can determine the current outstanding loan balance and the highest outstanding loan balance in the past 12 months from all loans from any 401 or 457 plans, you will have to calculate

the maximum amount that may be borrowed. This will involve obtaining all loan amounts currently outstanding and repaid in the last 12 months. For your convenience, ICMA-RC has developed a worksheet to illustrate the maximum loan amount available. [See Page 7, "Calculating the Amount Available for a Loan."]

Many 457 plans are what are referred to as "co-administered" plans. There are actually two different types of arrangement both of which are referred to as co-administered or co-provider plans:

- (1) multiple 457 plans offered by an employer through two or more administrators, each administrator having its own plan document and features.
- (2) a single 457 plan with multiple administrators providing essentially different investment options.

In both of these situations, it will be difficult for an administrator to correctly administer a loan provision across multiple plans. It will also be difficult for you to correctly administer a loan's provisions in situations where you make loans available to employees from your 457 plan(s) and another retirement plan (e.g. Section 401 money purchase or profit sharing plan).

CONCLUSION

You may be able to minimize your involvement in administering a loan program under either a single plan/multiple provider arrangement or a multiple plan arrangement. However, you cannot avoid having to determine whether each loan amount requested is consistent with the aggregate maximum.

The above information is intended to provide an overview of the issues and complexities of establishing and maintaining a loan program under the most common types of retirement plan arrangements. It is not intended to be all inclusive. Other issues may arise and some issues may be mitigated by a plan's individual design. Special situations and/or solutions not discussed above will have to be analyzed on a case-by-case basis. Please contact ICMA-RC's Plan Sponsor Services Team at 800-326-7272 with any questions related to these issues.

LOAN GUIDELINES AGREEMENT FOR A RETIREMENT PLAN



INSTRUCTIONS

(Please refer to the previous section, "A Guide to Implementing a Loan Program")

These Loan Guidelines must be completed before loans can be made from your retirement plan. You should consider each option carefully before making your selections because your selections will apply to all loans made while the selection is in effect. If you later change any provision, the changes will apply only to loans made after the change is adopted. Loans in existence at the time of any future changes will continue to operate under the guidelines that were in effect at the time the loan was originally made.

Note: If loans are available to your employees from other plans (e.g. other Section 457 deferred compensation plans or other Section 401 plans), calculation of the maximum loan amount must consider the aggregate of all loans from all 401 and 457 plans in which the employee participates. See the Maximum Loan Amount Worksheet on page 7 of *A Guide to Implementing a Loan Program*, found in this packet.

Name of Plan (please state the Employer's complete name, including state): Town of Wiscasset, Maine.

Plan Type: 401(a) Money Purchase Plan 401 Profit-Sharing Plan 457 Deferred Compensation Plan

ICMA-RC Plan Number: _____

I. Purpose

The purpose of these guidelines is to establish the terms and conditions under which the Employer will grant loans to participants. This is the only official Loan Provision Document of the above named Plan.

II. Eligibility

Loans are available to all active employees. Loans will not be granted to participants who have an existing loan in default. Loans will be pro-rated among all the funds in which the participant is invested at the time the loan is made.

For 401 plans only:

Loans are available from the following sources: [select one or both]

- Employer Contribution Account (vested balances only)
- Participant Contribution Accounts (pre- and post-tax, if applicable, including Employee Mandatory, Employee Voluntary, Employer Rollover, and Portable Benefits Accounts, but excluding the Deductible Employee Contribution/Qualified Voluntary Employee Contribution Account)

For Roth 401(k) plans only:

A participant's Designated Roth Account balance can be used to secure a participant loan.

Designated Roth Account balances [select one]

- will not (default option) be available as a source for loans under the Plan.
- will be available as a source for loans under the Plan. (Note: Using the Roth source for loans may have negative tax consequences for participants.)

For all plan types:

III. Loan Purpose

Loans are available for the following purposes and must be requested in the corresponding method (select one):

- All purposes

Online and Loans by Call Center: All loans must be requested either online by employees through ICMA-RC's Account Access site at www.icmarc.org or directly over the phone with an Investor Services associate (via the Loans by Call Center service), both of which require preauthorization by the Employer as outlined in italics under Section IV. Application Process.

- Hardship Only:

Loans shall only be granted in the event of a participant's hardship or for the purpose of enabling a participant to meet certain specified financial situations. The employer shall approve the participant's loan application after determining, based on all relevant facts and circumstances, that the amount of the loan is not in excess of the amount required to relieve the financial need. For this purpose, financial need shall include, but not be limited to: unreimbursed medical expenses of the par-

participant or members of the participant's immediate family, establishing or substantially rehabilitating the principal residence of the participant, or paying for a college education (including graduate studies) for the participant or his/her dependents. (Note: Online or Loans by Call Center not applicable with this option. Participant must complete the loan application for employer approval.)

IV. Application Process

If an employee is married at the time of the application and your plan has elected the Qualified Joint and Survivor Annuity Option, spousal consent is required for the loan. The employee's spouse must consent, in writing, to the loan and the consent must be witnessed by a plan representative or notary public. Such consent must be received in writing by ICMA-RC no more than ninety (90) days before the loan request is submitted through Account Access. In the case of the Direct Loan Application, spousal consent should be sent along with the application.

The promissory note, truth-in-lending rescission notice, and disclosure statement are mailed to the employee along with the issued loan check. The employee confirms receipt and acceptance of these documents and terms at the time the endorsed check is presented for payment.

The Employer hereby authorizes all future loans requested through the online process via Account Access, as well as any requests that employees submit on paper forms, pending review of the application by ICMA-RC. Notice of loan issuance will be provided to the Employer via reports posted on the EZLink site.

The loan amount will generally be redeemed from the employee's account on the same day as either ICMA-RC receipt of loan application (complete and in good order), the completion of a loan request via telephone with an Investor Services representative, or the employee's successful submission of the loan request through Account Access, if it is submitted prior to 4:00 p.m. ET on a business day. If not, the loan amount will be redeemed on the next business day following submission. The loan check is generally issued on the next business day following redemption, and will be mailed directly to the employee. The employee's presentment of the loan check for payment constitutes an acknowledgment that the employee has received and read the loan disclosure information provided by ICMA-RC and agrees to the terms therein.

Loan repayment will begin as soon as practicable following the employee's presentment of the loan check for payment.

V. Frequency of loans [select one]

- Participants may receive one loan per calendar year. Moreover, participants may have only one (1) outstanding loan at a time.
- Participants may receive one loan per calendar year. Moreover, no participant may have more than five (5) loans outstanding at one time.

VI. Loan amount

The minimum loan amount is \$1,000.

The maximum amount of all loans to the participant from the plan and all other plans sponsored by the Employer that are qualified employer plans under section 72(p)(4) of the Code is the *lesser* of:

- (1) \$50,000, reduced by the highest outstanding balance of all loans from any 401 or 457 plans for that participant during the one-year period ending on the day before the date a loan is to be made, or
- (2) one half of the participant's vested account balance, reduced by the current outstanding balance of all 401 and 457 loans from all plans for that participant.

If a participant has any loans outstanding at the time a new loan is requested, the new loan will be limited to the maximum amount calculated above reduced by the total of the outstanding loans.

A loan cannot be issued for more than the above amount. The participant's requested loan amount is subject to downward adjustment without notice due to market fluctuation between the time of application and the time the loan is made.

VII. Length of loan

A loan must be repaid in substantially equal installments of principal and interest, at least monthly, over a period that does not exceed five (5) years.

Loans for a principal residence must be repaid in substantially equal installments of principal and interest, at least monthly, over a period that does not exceed 15 [state number of years] years (maximum 30 years).

VIII. Loan repayment process

Loan repayments for active employees must be through:

- Payroll deduction only.
PL642(2) = 2
- ACH debit only.*
PL642(2) = 0
- Employee may choose either payroll deduction or ACH debit.*
PL642(2) = 1

* Please note a \$20 processing fee will be assessed to a participant's ICMA-RC account when a scheduled loan repayment(s) via ACH is rejected due to insufficient funds, invalid bank account information, or account closure in the participant's designated payment account.

If payroll deduction repayment is allowed, and the employee wishes to use this method, the employee must notify the Employer so that the Employer can ensure that repayment will begin as soon as practicable on a date determined by the Employer's payroll cycle. Failure to begin payroll deduction in a timely way could lead to the employee's loan entering delinquency status. Payroll deduction should begin within two payroll cycles following the employee's receipt of the loan.

Repayments through payroll deduction will be sent via check or wire by the Employer to ICMA-RC on the following cycle (choose one):

- Weekly (52 per year)
- Bi-weekly (26 per year)
- Semi-monthly (24 per year)
- Monthly (12 per year)

If ACH debit repayment is allowed, debits from the employee's designated bank account will begin approximately one month following the date the employee's signed ACH authorization form is received and processed by ICMA-RC, or, in the case of online loans, approximately one month following the date the loan check has been cleared for payment. Debits will normally be made on a monthly basis.

Loans outstanding for former employees or employees on a leave of absence must be repaid on the same schedule as if payroll deductions were still being made unless they reamortize their loans and establish a new repayment schedule that provides that substantially equal payments are made at least monthly over the remaining period of the loan.

Loan payments, including loan payments from former employees, are allocated to the participant's current election of investment options on file with ICMA-RC.

The participant may pay off all or a portion of the principal and interest early without penalty or additional fee. Extra payments are applied forward to both principal and interest as specified in the original repayment schedule, unless the additional payment is for the balance due.

IX. Loan interest rate

The rate of interest for loans of five (5) years or less will be based on prime plus 0.5%.

The rate of interest for loans for a principal residence will be based on the FHA/VA rate.

Interest rates are determined on the last business day of the month preceding the month the loan is disbursed. The interest rate is locked in at the time a loan is approved and remains constant throughout the life of the loan.

The prime interest rate is determined on the last business day of each month using www.nfsn.com as the source. The FHA/VA interest rate is also determined on the last business day of each month using www.bankofamerica.com as the source. Loan interest rates for new loans taken in different months may fluctuate upward or downward monthly, depending on the movement of the prime and FHA/VA interest rates.

The employer may modify the manner in which loan interest rates will be determined, but only with respect to future loans.

X. Security/Collateral

That portion of a participant's account balance that is equal to the amount of the loan is used as collateral for the loan. The collateral amount may not exceed 50 percent of the participant's account balance at the time the loan is taken. Only the portion of the account-balance that corresponds to the amount of the outstanding loan balance is used as collateral.

XI. Acceleration [select one]

- All loans are due and payable in full upon separation from service.
- All loans are due and payable when a participant receives a distribution of **all** of his/her account balance after separation from service. The amount of the outstanding loan balance will be reported as a distribution in addition to the amount of cash distributed from the plan.
- All loans are due and payable when a participant receives a distribution of **part** of his/her account balance after separation from service. The amount of the outstanding loan balance will be reported as a distribution in addition to the amount of cash distributed from the plan.

XII. Reamortization

Any outstanding loan may be reamortized. Reamortization means changing the terms of a loan, such as length of repayment period, interest rate, and frequency of repayments. A loan may not be reamortized to extend the length of the loan repayment period to more than five (5) years from the date the loan was originally made, or in the case of a loan to secure a principal residence, beyond the number of years specified by the employer in Section V above.

A participant must request the reamortization of a loan in writing on a reamortization application acceptable to the plan administrator. Upon processing the request, a new disclosure statement will be sent to the employer for endorsement by the participant and approval by the employer. The executed disclosure statement must be returned to the plan administrator within 10 calendar days from the date it is signed. The new disclosure statement is considered an amendment to the original promissory note; therefore a new promissory note will not be required.

A reamortization will not be considered a new loan for purposes of calculating the number of loans outstanding or the one loan per calendar year limit.

XIII. Refinancing existing loans

If a participant has one outstanding loan, that loan may be refinanced. If a participant has more than one outstanding loan, no loans may be refinanced. Refinancing means concurrently repaying an existing loan and borrowing an additional amount through a new loan. Refinancing includes any situation in which one loan replaces another loan and the term of the replacement loan does not exceed the latest permissible term of the replaced loan.

The request must be made at a time when the participant is eligible to obtain a loan as defined by the employer in Section III above. The amount of the additional loan amount requested for the purpose of refinancing is subject to the loan limits specified in Section IV above.

Because a refinancing is considered a new loan, only active employees may refinance an outstanding loan. Residential loans are not eligible for refinance.

XIV. Reduction of Loan

If a participant dies prior to full repayment of the outstanding loan(s), the outstanding loan balance(s) will be deducted from the account prior to distribution to the beneficiary(ies). The unpaid loan amount is a taxable distribution and may be subject to early withdrawal penalties. The participant's estate is responsible for taxes or penalties on the unpaid loan amount, if any. A beneficiary is responsible for taxes due on the amount he or she receives. A Form 1099 will be issued to both the beneficiary and the estate for these purposes.

XV. Deemed Distribution

Loan repayments must be made in accordance with the plan document, plan loan guidelines, and as reflected in the promissory note signed by the participant. If a scheduled payment is not paid within 30, 60, and/or 90 days of the due date, a notice will be sent to both the employee and the employer.

A loan will be deemed distributed when a scheduled payment is still unpaid at the end of the calendar quarter following the calendar quarter in which the payment was due. If the total amount of any delinquent payment is not received by ICMA-RC by the end of the calendar quarter following the calendar quarter in which they payment was due, the loan is considered a taxable distribution, and the principal balance, in addition to any accrued interest, is reported as a distribution to the IRS. However, no money is paid in this distribution, because the participant already has the loan proceeds.

The loan is deemed distributed for tax purposes, but it is not an actual distribution and therefore remains an asset of the participant's account. Interest continues to accrue. The outstanding loan balance and accrued interest are reported on the participant's account statement.

Repayment of a deemed distribution will not change or reverse the taxable event.

The loan continues to be outstanding, and to accrue interest, until it is repaid or offset using the participant's account balance. An offset can occur only if the participant is eligible to receive a distribution from the plan as outlined in the plan document. Participants are required to repay any outstanding loan which has been deemed distributed before they can be eligible for a new loan. The deemed distribution and any interest accrued since the date it became a taxable event is taken into account when determining the maximum amount available for a new loan. New loans must be repaid through payroll deduction.

The employer is obligated by federal regulation to comply with the loan guideline requirements applicable to participant loans, and to ensure against deemed distribution by monitoring loan repayments, regardless of the method of repayment, and by advising employees if loans are in danger of being deemed distributed. The tax-qualified status or eligibility of the entire plan may be revoked in cases of frequent repayment delinquency or deemed distribution.

XVI. Fees

Fees may be charged for various services associated with the application for and issuance of loans. All applicable fees will be debited from the participant's account balance and/or from the participant's loan repayments prior to crediting the repayment of principal and interest to the participant's account. A schedule of fees applicable to this plan is specified in ICMA-RC's current publication of *Making Sound Investment Decisions: A Retirement Investment Guide*.

XVII. Other

The employer has the right to set other terms and conditions as it deems necessary for loans from the plan in order to comply with any legal requirements. All terms and conditions will be administered in a uniform and non-discriminatory manner.

In Witness Whereof, the employer hereby caused these Guidelines to be executed this 21 day of August, 20 12.

EMPLOYER

By: Laurie Smith

Title: Town Manager

Attest: _____

Accepted: ICMA RETIREMENT CORPORATION

By: _____

Title: _____

Attest: _____

SUGGESTED RESOLUTION



**SUGGESTED RESOLUTION FOR A LEGISLATIVE BODY
RELATING TO AMENDING A RETIREMENT PLAN TO PERMIT LOANS**

Section 401 Money Purchase Plan or
Section 401 Profit-Sharing Plan
ICMA-RC Plan # 10 _____

Section 457 Deferred Compensation Plan
ICMA-RC Plan # 30 _____

Name of Employer: Town of Wiscasset State: Maine

Resolution of the above named Employer ("Employer")

WHEREAS, the Employer has employees rendering valuable services; and

WHEREAS, the Employer has established a retirement plan (the "Plan") for such employees which serves the interest of the Employer by enabling it to provide reasonable retirement security for its employees, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the Employer has determined that permitting participants in the retirement plan to take loans from the Plan will serve these objectives;

NOW THEREFORE BE IT RESOLVED that the Plan will permit loans.

I, Christine Wolfe, Clerk of the (City, County, etc.) of Town of Wiscasset, do hereby certify that the foregoing resolution, proposed by (Council Member, Trustee, etc.) Board of Selectmen, was duly passed and adopted in the (Council, Board, etc.) of the (City, County, etc.) of Wiscasset at a regular meeting thereof assembled this 21st day of August, 2012, by the following vote:

AYES:

NAYS:

ABSENT:

(seal)

Clerk of the (City, County, etc.)

This resolution should be returned to:

New Business Analyst
ICMA Retirement Corporation
777 N. Capitol St., NE
Washington, DC 20002-4240
Phone 800-326-7272

**LOAN ADMINISTRATION AGREEMENT
FOR SECTION 457 DEFERRED
COMPENSATION PLANS**

ICMA-RC 457 LOAN ADMINISTRATION AGREEMENT

This Agreement is not required if you have 1) only one 457 plan provider or 2) more than one plan provider each with its own plan document and provisions unique to each provider. **The Agreement only applies if you have adopted a single 457 plan document under which ICMA-RC and one or more other provider(s) must operate.** Please refer to pages 5-6 of *A Guide to Implementing a Loan Program* for more details.

This Agreement shall serve as an Addendum to the Loan Guidelines established by the Employer identified below as an Addendum to the Administrative Services Agreement (ASA) made by and between the ICMA Retirement Corporation (ICMA-RC) and the Employer.

The Employer currently sponsors a section 457 deferred compensation plan administered by two or more providers (co-provider plan). In order to ensure the efficient administration of the loan program established by the Employer, the Employer hereby agrees and declares that

- (1) For purposes of issuing loans from the plan, that portion of the plan's assets administered by ICMA-RC will be treated as though it were a separate and distinct plan.
- (2) The Employer shall calculate the amount a participant may borrow from the ICMA-RC administered portion of the plan. No loan amount may exceed the lesser of (a) the maximum loan amount specified in Internal Revenue Code section 72(p)(2)(A) or (b) 50% of the participant's ICMA-RC-administered account balance.
- (3) All loan repayments must be made to the participant's ICMA-RC-administered account for the life of the loan.

AGREED as of the 22 day of August, 2012:

Name of Employer: Town of Wiscasset

Laurie Smith
Authorized Official - Print Name

State: Maine

Employer Plan Number

3	0	6804 (457)
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Signature of Authorized Official

ICMA RETIREMENT CORPORATION

Angela C. Montez
Angela Montez
Assistant Secretary

Mail this Agreement and the completed 457 Plan Loan Guidelines to:
ICMA-RC
Attention: New Business Analyst
777 North Capitol Street, NE
Washington, DC 20002-4240

**AMENDMENT TO ADOPTION AGREEMENT
FOR SECTION 401 PLANS**

AMENDMENT

ICMA-RC Plan #: 10

**ICMA RETIREMENT CORPORATION
GOVERNMENTAL SECTION 401 PLAN & TRUST
ADOPTION AGREEMENT**

Below is an amendment to an existing defined contribution 401 qualified plan.

 Yes No

If yes, please specify the name of the plan to which this amendment applies:

I. Employer: _____

II. Loans are permitted under the plan, as provided in Article XIII of the Adoption Agreement and in the executed Loan Guidelines Agreement:

 Yes No

In Witness Whereof, the Employer hereby causes this Agreement to be executed on this day of _____, 20 .

EMPLOYER

By: _____

Title: _____

Attest: _____

ICMA RETIREMENT CORPORATION

By: Angela C. Montez

Name: Angela Montez

Title: Assistant Secretary



ICMARC
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002-4240
800-669-7400
WWW.ICMARC.ORG

PKT5010-006-201110-489

146.



WISCASSET POLICE DEPARTMENT

51 Bath Road, Wiscasset, ME 04578
PHONE: (207) 882-8202 FAX: (207) 882-8203
EMAIL: patrol@wiscassetpd.org



Troy A. Cline
Chief of Police

Kathy Williams
Sergeant

August 13, 2012

Michael Elwell
Newcastle Chrystler Dodge Jeep Ram
573 Route 1
Newcastle, ME 04553

Re: 2012 Wiscasset Police Cruiser Bid

Dear Mr. Elwell,

The Wiscasset Police Department would like to thank you for participating in this year's 2012 Wiscasset Police Cruiser bid process. The bids were publically opened at the Board of Selectmen meeting on Tuesday, August 7th. We have awarded the bid to Newcastle Chrysler Dodge Jeep Ram for the bid price of \$21,999.00. Complete bid results are provided below for your convenience.

Our decision was based on many factors. Most, if not all, officers have been trained in the rear wheel drive EVOC. This is the first year for the Ford Interceptor, and it only comes in front and all-wheel drive. It would have been my intent to purchase the all-wheel drive cruiser given our location. However, there is no all-wheel drive Emergency Vehicle Operations Course (EVOC) currently.

Newcastle Dodge is only six (6) miles from the Police Department versus nineteen (19) plus miles for the two other bidders. This distance will minimize "down time" for maintenance and service.

Wiscasset Ford	\$21,150.00
Newcastle Chrysler Dodge Jeep Ram	\$21,999.00
Bodwell Chrysler Jeep Dodge, Inc. Item #1:	\$21,990.00
Quirk Auto	\$23,288.00
	Item #2: \$22,790.00

I want to thank all the dealerships that participated in this year's bid process. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Troy Cline". The signature is written in a cursive style with a large, stylized "C" at the end.

Troy Cline
Chief of Police

Pc: Wiscasset Ford
Bodwell Chrysler Jeep Dodge, Inc.
Quirk Auto

TC/lg

14c.



Town of Wiscasset

FY 2012-2013 TRANSFER STATION CONTRACT WITH THE TOWN OF WESTPORT ISLAND, MAINE

WHEREAS the Inhabitants of the Municipality of Wiscasset, a body corporate and located in Wiscasset, Lincoln County, Maine (hereinafter Owner) owns and operates a State of Maine approved solid waste transfer and recycling station (hereinafter, Station); and,

WHEREAS the Inhabitants of the Municipality of WESTPORT ISLAND, a body corporate and located in Westport Island, Maine, (hereinafter, User) desires to utilize Wiscasset's Station to dispose of its solid waste; and,

WHEREAS Owner is agreeable to letting User so utilize its Station in return for User paying Owner a percentage of the Station's yearly operating expense;

NOW, THEREFORE, Owner and User mutually agree to the following:

1. For the duration of this contract Owner shall accept User's solid waste at Owner's Station subject to the terms of this contract. **This contract shall commence July 1, 2012 and shall run through June 30, 2013.**
2. On or before June 1 each year Owner shall determine the maximum percentage share of its Station's projected operating expense for the next Town of Wiscasset fiscal year beginning July 1, which User shall be, obligated to pay. This percentage shall be determined, as best as Owner is able, by dividing the populations of User by the combined populations of all municipalities (including Owner and User) expected to utilize Owner's Station during the next fiscal year. Any fraction of a percent shall be rounded up to the next higher tenth of a percentage, and Owner's determination of the percentage shall be conclusive. User shall provide to Owner, in a timely manner, any information which Owner reasonably needs to calculate this percentage number. The Town of Wiscasset or its legal representatives reserve the right to set Users percentage at a different rate providing said percentage does not exceed percentage by calculation as stated above.
3. As used in this contract, "operating expense" shall mean the amount of money determined by Owner to be necessary to operate its Station for the fiscal year. "Operating expense" shall include, but shall not necessarily be limited to, amounts necessary to pay for the Station's payroll, mileage, supplies, repairs, tipping fees, utilities and fuel including diesel and oil. "Operating expense" shall not include expenses which Owner reasonably concludes to be solely for capital improvements.
4. User shall pay the amount owed to Owner pursuant to this contract in four installments payable in the months of October 1, 2012, January 1, 2013, April 1, 2013 and June 30, 2013.

5. User understands that other municipalities besides Owner and User will utilize the Station, and that Owner shall determine each municipality's yearly charge based upon the total population of all municipalities utilizing the Station. Consequently, each municipality will in part determine its yearly budget based upon Owner's charge to it for utilizing the Station. Therefore, except as is provided in paragraph 12, below, User shall be obligated to pay its full four quarterly payments as determined pursuant to this contract for each fiscal year that User utilizes the Station even if User ceases utilizing the Station during the year in question. However, User shall have no obligation to pay Owner for the use of the Station when User ceases to use the Station because, through no fault of User, the Owner is unable to continue to accept User's solid waste at the Station. In this event, User shall pay only a fair amount based upon the actual time during which it used or could have used the Station.

6. User shall abide by all rules and regulations which owner promulgates pertaining to the Station. These rules and regulations shall apply equally to all municipalities utilizing the Station.

7. User shall maintain, or cause to be maintained, insurance on any vehicle, which hauls solid waste to the Station on behalf of User. The insurance shall be in such form and in such amounts, as Owner shall determine. Owner shall have the right at all reasonable times to demand proof of such insurance.

8. User shall be obligated to quickly repair in a workmanlike manner any damage to the Station or its grounds and facilities which damage is caused by any person or vehicle bringing solid waste to the Station on User's behalf.

9. Owner shall not be obligated to User for any damages for any times that Owner is unable, for good reason, to allow User to utilize the Station. "Good reason" shall include, but not be limited to, strikes, fire, mechanical breakdowns, and prohibitions against further operation by any court or agency of competent jurisdiction. However, a fair proportion of the User's charge shall be abated for the time that User is unable to utilize the Station.

10. Owner shall have the right to suspend User's utilization of the Station for up to ten consecutive days, without notice or hearing, if User violates any of the terms imposed upon it under this contract. Owner shall have the right to permanently terminate User's utilization of the Station, after notice and hearing by Wiscasset Board of Selectmen, if User violates any of the terms imposed upon it under this contract. In the event of such suspension or termination User shall pay only a fair amount based upon the actual time during which it used or could have used the Station.

11. Notwithstanding any other provision in this contract, in the event that the User's voters fail to raise the funds necessary to pay for future use of the Station, User may give to Owner at least a one-year notice of this fact and of its intention to cease utilizing the Station. User's right to utilize the Station and its obligation to pay charges hereunder, shall cease at the expiration of the notice period; however, User shall remain obligated to pay for any use it made of the Station. Further, in the event that Owner's voters vote to terminate the User's right to utilize the Station, Owner may give User at least a one year notice of this fact and User's right to utilize the Station,

and its obligation to pay charges hereunder, shall terminate at the expiration of the notice period and without any liability to Owner for the termination; however, User shall remain obligated to pay for any use it made of the Station.

12. User covenants that it is fully authorized to enter into this contract.

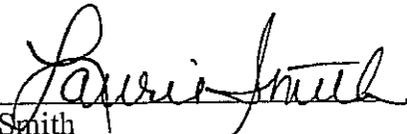
13. Payment Schedule

\$511,254.00	Transfer Station Budget FY July 1, 2012 – June 30, 2013.
13.92%	Westport Island's Percentage of Budget *
\$71,153	Annual Payment.
\$17,788.25	Quarterly Payments due October 1 st , January 1 st , April 1 st & June 30 th . (Any adjustments are to be made in the final quarter.)

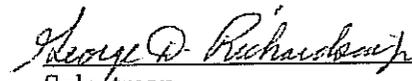
* Percentage is based upon dividing the population of the individual municipality by the total combined populations of all participating municipalities. All Population figures are from the 2010 Census.

<u>Town</u>	<u>Population</u>	<u>Percentage of Total</u>
Alna	709	13.7%
Westport Island	718	13.9%
Wiscasset	<u>3,732</u>	<u>72.3%</u>
Total	5,159	100%

Town of Wiscasset


 Laurie Smith
 Town Manager

Town of Westport Island


 Selectman


 Selectman

Selectman

1st Selectman
 6 Fowles Point Road
 Westport Island, Maine 04578