



**MOORS & CABOT**  
INVESTMENTS  
*Banking & Advisory Group*

NEW ISSUE

Moody's: Aa2  
S&P: AA

In the opinion of Bond Counsel, under existing statutes and court decisions, and assuming compliance with certain covenants, interest on the Bonds will be excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest will not be treated as a preference item to be included in calculating alternative minimum taxable income under the Code with respect to individuals and corporations. Such interest is not includable in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax. Bond Counsel is also of the opinion that the interest paid on the Bonds is exempt from income tax imposed upon individuals by the State of Maine (the "State") under existing statutes and judicial decisions. **The Town will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE BONDS—TAX MATTERS" and "APPENDIX B" herein.

**TOWN OF BAR HARBOR, MAINE**  
**\$4,300,000**  
**2010 GENERAL OBLIGATION BONDS**

Dated: May 1, 2010

Due: May 1, as shown below

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2011	\$215,000	2.00%	0.45	2021	\$215,000	3.00%	3.23
2012	215,000	2.00	0.75	2022	215,000	3.20	3.33
2013	215,000	2.00	1.10	2023	215,000	3.30	3.43
2014	215,000	2.50	1.50	2024	215,000	3.50	3.53
2015	215,000	2.50	1.80	2025	215,000	3.50	3.58
2016	215,000	2.50	2.25	2026	215,000	4.00	3.64
2017	215,000	2.75	2.50	2027	215,000	4.00	3.74
2018	215,000	3.00	2.70	2028	215,000	4.00	3.84
2019	215,000	3.00	2.85	2029	215,000	4.00	3.94
2020	215,000	3.00	100	2030	215,000	4.00	100

The Bonds will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Bonds will be paid to DTC by The Bank of New York Mellon Trust Company, N.A., Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on November 1, 2010, and semi-annually on each May 1 and November 1 thereafter until maturity or redemption prior to maturity.

The legal opinion of Bernstein, Shur, Sawyer & Nelson, P.A. of Augusta, Maine, Bond Counsel, will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the Town of Bar Harbor, Maine and, unless paid from other sources, are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied without limit as to rate or amount upon all the property within the territorial limits of the Town and taxable by it, except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality; and except to the extent that the Town establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapters 206 and former 207 (now repealed) of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds. The Treasurer has certified that neither agreements under Title 30-A, Chapter 223, Subchapter V or Title 30-A, Chapter 206 or 207 of the Maine Revised Statutes, as amended, now exist. The opinion will indicate that the enforceability of the obligations of the Town, including the Bonds, are subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Bonds maturing on and before May 1, 2020 are not subject to redemption prior to their stated dates of maturity. The Bonds maturing after May 1, 2020 are subject to redemption prior to maturity, at the option of the Town, on and after May 1, 2020 as more fully set forth herein. See "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" herein.

The Bonds are offered when, as and if issued, subject to the approval of legality by Bernstein, Shur, Sawyer & Nelson, P.A. of Augusta, Maine, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York City, New York on or about May 20, 2010.

**Hutchinson, Shockey, Erley & Co.**

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Issuer and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the Issuer. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the Issuer since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS ANY INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

**FOR NEW HAMPSHIRE RESIDENTS:** IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**CERTIFICATE  
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by the Town of Bar Harbor, Maine with the assistance of Moors & Cabot, Inc., its Financial Advisor, from the records of the Town and from various other public documents and sources which are believed to be reliable. There has been no independent investigation of such information by Moors & Cabot, Inc. or by Bernstein, Shur, Sawyer & Nelson, P.A., Bond Counsel, and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Financial Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Treasurer, this Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the Treasurer and furnished at the closing.

This Official Statement is in a form "deemed final" by the issuer for purposes of Securities and Exchange Commission's Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)].

Stanley W. Harmon  
Treasurer  
Town of Bar Harbor, Maine

**OFFICIAL STATEMENT  
TOWN OF BAR HARBOR, MAINE  
\$4,300,000  
2010 GENERAL OBLIGATION BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Bar Harbor, Maine (the "Town" or "Bar Harbor") in connection with the sale of its 2010 General Obligation Bonds (the "Bonds" or the "2010 Bonds").

**THE BONDS**

**DESCRIPTION OF THE BONDS**

The Bonds will be issued in fully-registered form without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York ("DTC"). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be dated May 1, 2010 and will bear interest, payable on November 1, 2010, and semi-annually thereafter on May 1, 2010 and November 1 of each year until maturity or redemption prior to maturity. The Bonds will mature annually as follows:

<u>Amount</u>	<u>May 1,</u>	<u>CUSIP</u>	<u>Amount</u>	<u>May 1,</u>	<u>CUSIP</u>
\$215,000	2011	066878EH8	\$215,000	2021	066878ET2
215,000	2012	066878EJ4	215,000	2022	066878EU9
215,000	2013	066878EK1	215,000	2023	066878EV7
215,000	2014	066878EL9	215,000	2024	066878EW5
215,000	2015	066878EM7	215,000	2025	066878EX3
215,000	2016	066878EN5	215,000	2026	066878EY1
215,000	2017	066878EP0	215,000	2027	066878EZ8
215,000	2018	066878EQ8	215,000	2028	066878FA2
215,000	2019	066878ER6	215,000	2029	066878FB0
215,000	2020	066878ES4	215,000	2030	066878FC8

It is expected that the Bonds will be available for delivery at DTC on or about May 20, 2010.

Principal of and interest on the Bonds will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Bonds by The Bank of New York Mellon Trust Company, N.A., Boston, Massachusetts, as paying agent (the "Paying Agent"). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See "THE BONDS - BOOK-ENTRY-ONLY SYSTEM" herein.

**OPTIONAL REDEMPTION PRIOR TO MATURITY**

Bonds maturing on or before May 1, 2020 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing after May 1, 2020 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after May 1, 2020, as a whole or in part at any time, in such order of maturity as the Town, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

## **GENERAL PROVISIONS REGARDING REDEMPTION OF THE BONDS**

### **Notice of Redemption**

In the case of every redemption of the Bonds, the Town shall cause notice of such redemption to be given to the registered owner of any Bonds designated for redemption in whole or in part, at his or her address as the same shall last appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondholder actually receives notice. The failure of the Town to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner.

Each notice of redemption shall specify the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed.

The Town shall notify the Securities Depository (see "THE BONDS - BOOK-ENTRY-ONLY SYSTEM" herein) in the same manner as the Bondholders, with a request that the Securities Depository notify its Participants who in turn notify the beneficial owners of such Bonds. Any failure on the part of the Securities Depository, or failure on the part of a nominee of a Beneficial Owner (having received notice from the Town, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption of such Bond.

### **Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue**

On any redemption date, the principal amount of each Bond to be redeemed, together with the premium, if any, and accrued interest thereon to such date, shall become due and payable. Funds shall be deposited with the Paying Agent to pay, and the Paying Agent is authorized and directed to apply such funds to the payment of the Bonds called for redemption, together with accrued interest thereon to the redemption date and redemption premium, if any. After such redemption date, notice having been given in the manner described above, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given), the Bonds to be redeemed shall not be deemed to be outstanding.

### **Cancellation**

All Bonds which have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the Town or returned to the Town at its request.

### **Partial Redemption of Bonds**

Bonds or portions of Bonds to be redeemed in part shall be selected by the Town by lot or in such other manner, as the Town in its discretion may deem appropriate.

## RECORD DATE; PAYMENT

The principal of the Bonds is payable upon surrender thereof at the principal corporate trust office of the Paying Agent. Payment of the interest on the Bonds will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the last day of the month preceding each interest payment date for the Bonds, and if such day is not a regular business day of the Paying Agent the next day preceding which is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person's address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest which is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

## AUTHORIZATION AND PURPOSE

### Authorization

The Bonds are being issued pursuant to Article II, Section C-6.B(1) of the Town's Charter; by action of the voters of the Town at its Annual Town Meeting held on June 2, 2009; by Title 30-A, Section 5772 of the Maine Revised Statutes, as amended. The portion of the Bonds being issued for water main construction have also been approved by an *Order(s) Approving Issue of Securities*, consented by the Maine Public Utilities Commission ("MPUC") on April 13, 2010 (Docket #2010-110). The votes authorize the issuance of a consolidated amount of \$5,140,947 in bonds to provide funds to finance the cost of the projects as discussed below.

### Purpose

	<u>Amount Authorized</u>	<u>Financed by the Bonds</u>	<u>Authorized Unissued</u>	<u>Future Financing</u>
Roads and Storm Drains	\$3,179,127	\$2,756,000	(\$423,127)	(\$423,127)
Sidewalks	535,212	250,000	(285,212)	(285,212)
Newport Ave Comfort Station	467,745	335,137	(132,608)	0 <sup>(1)</sup>
Town Office Renovations	230,863	230,863	0	0
Barker Park	75,000	75,000	0	0
Public Safety Bldg Repairs	28,000	28,000	0	0
Harborview Park	25,000	25,000	0	0
Sub-total General Fund CIP	4,540,947	3,700,000	(840,947)	(708,339)
Water Main Construction	600,000	600,000	0	0
Totals	<u>\$5,140,947</u>	<u>\$4,300,000</u>	<u>(\$840,947)</u>	<u>(\$708,339)</u>

NOTE: <sup>(1)</sup> The project is expected to cost the amount of the portion of the Bonds that are being issued. The authorization for the amount in excess of that financed is expected to be re-designated or rescinded.

In the event that any proceeds of the Bonds remain unspent upon completion of the Project(s) or the Town abandons any of the Projects, the Town reserves the right to reallocate unspent proceeds to the costs of other qualified projects approved, or to be approved, by the Town Meeting, or to apply unspent proceeds to the payment of debt service on the Bonds.





Funds to meet Town expenses, including debt service, are not included in the tax levy to the extent they are expected to be met with other non-tax revenues. Amounts necessary to repay sums borrowed temporarily in anticipation of bonds or grants are similarly excluded because they would normally be expected to be paid from the anticipated bond proceeds or grants. Enforcement of a claim for payment of principal or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. The Bonds are not guaranteed by the State of Maine.

### **Limitation on Municipal Property Tax Levy**

Effective July 1, 2005, the Legislature enacted LD 1, codified in part as Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, which, subject to certain procedural overrides, establishes a limit on municipal property tax levies. This limit is referred to as the "Property Tax Levy Limit". With certain exceptions, a municipality may not adopt a property tax levy that exceeds its Property Tax Levy Limit from one year to the next by more than a specified growth limitation factor.

The growth limitation factor is: (a) the 10-year average real personal income growth (but no more than 2.75%) plus a property growth factor (when, as currently is the case, the state and local tax burden ranks in the highest 1/3 of all states); or (b) the 10-year average real personal income growth plus forecasted inflation plus a property growth factor (when the state and local tax burden ranks in the middle 1/3 of all states).

In addition, a municipality is required to lower its Property Tax Levy Limit in any year by an amount equal to net new Revenue Sharing funds provided by the State.

The Town may increase or exceed the Property Tax Levy Limit by a majority vote of the entire Town Meeting on a separate article that specifically identifies the intent to exceed the Property Tax Levy Limit. Pursuant to Section 5721-A(7)(B) this action, however, is subject to override by initiative upon a petition signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality submitted within 30 days of the council's vote.

Article IX, Section C-43 of the Town's Charter states that the right of initiative or referendum provided therein shall not "... extend to the budget or capital program ...". Therefore, the Town's ability to exceed the Property Tax Levy Limit is not subject to override by voter initiative under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended.

In lieu of increasing the Property Tax Levy Limit, the Town Meeting may vote to exceed the Property Tax Levy Limit for extraordinary circumstances. Exceeding the Property Tax Levy Limit permits the property tax levy to exceed the Property Tax Levy Limit only for the year in which the extraordinary circumstance occurs and does not increase the base for purposes of calculating the Property Tax Levy Limit for future years. Extraordinary circumstances are circumstances outside the control of the Town and include:

- (1) Catastrophic events such as natural disaster, terrorism, fire, war or riot;
- (2) Unfunded or underfunded state or federal mandates;
- (3) Citizens' initiatives or other referenda;
- (4) Court orders or decrees; or
- (5) Loss of state or federal funding.

Extraordinary circumstances do not include changes in economic conditions, revenue shortfalls, increases in salaries or benefits, new programs or program expansions that go beyond existing program criteria and operation.

Section 5721-A(7)(B) does not limit the amount of taxes which may be raised by a municipality to pay items included in the school budget, governed by and appropriated in accordance with Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended. The debt service of the school project portion of the Bonds is includable in the school budget and the Town is therefore able to levy ad valorem property taxes without limit as to rate or amount to pay the debt service on that portion of the Bonds.

## **TAX MATTERS**

### **The Bonds**

In the opinion of Bernstein, Shur, Sawyer & Nelson, P.A., Bond Counsel, based on existing statutes, regulations and court decisions interest on the Bonds is not includable in the gross income of the owners of the Bonds for purposes of federal income taxation. Interest on the Bonds will not be treated as a preference item in calculating alternative minimum taxable income of individuals; however, interest on the Bonds will be includable in the adjusted net book income or adjusted current earnings of a corporation for purposes of calculation of the alternative minimum tax upon corporations and will be taken into account in the computation of the foreign branch profits tax. In addition, interest payable on the Bonds is not subject to Maine income taxes imposed upon individuals under existing statutes, regulations and decisions.

Bond Counsel's opinion will state that the Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements regarding use, expenditure and investment of the proceeds of the Bonds and the timely payment of certain investment earnings to the U.S. Treasury that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. Noncompliance with such requirements may cause interest on the Bonds to be included in the gross income of the owner thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

The opinion will further state that Bond Counsel has examined the Arbitrage and Use of Proceeds Certificate, the General Certificate of the Treasurer of the Town and the Issuer's Certificate Regarding Qualified and Designated Status (collectively the "Tax Certificates") all delivered concurrently with the Bonds, which will contain provisions and procedures regarding compliance with the requirements of the Code. The Town, in executing the Tax Certificates, will certify to the effect that the Town will comply with the provisions and procedures set forth therein and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall not be included in the gross income of the owner thereof for federal income tax purposes. In rendering its opinion Bond Counsel will rely upon the representations of the Town set forth in the Tax Certificates and assume that the Town will comply with the provisions and procedures set forth in the Tax Certificates.

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

*The Town will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.*

### **Original Issue Discount/Premium**

For federal income tax purposes, original issue discount with respect to a bond is equal to the excess, if any, of the stated redemption price at maturity of such bond over the initial offering price thereof to the public, excluding underwriters and other intermediaries, at which price a substantial amount of all substantially identical Bonds were sold. Original issue discount accrues over the term of a bond in accordance with Section 1272 of the Code. Purchasers of the Bonds should consult their own tax advisers with respect to the computation of original issue discount on such accruals of interest during the period in which any such Bond is held.

The excess, if any, of the tax basis of the Bonds to a purchaser (other than a purchaser who holds such Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is “bond premium.” For federal income tax purposes, bond premium is amortized over the term of such Bonds, is not deductible and reduces the purchaser’s adjusted tax basis. Bond purchasers should consult their own tax advisors with respect to the tax consequences of bond premium.

Bond Counsel will not express an opinion regarding the treatment of original issue discount or bond premium for federal income tax purposes.

### **BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

## **RATINGS**

The Town has applied to Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Corporation ("S&P") for ratings on the Bonds. The Town has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of Moody's or S&P and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and their explanation of such rating.

## **CONTINUING DISCLOSURE**

In order to assist the underwriter in complying with the Securities Exchange Commission's Rule 15c2-12 (the "Rule") the Town will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, if material. The covenants will be contained in a "Continuing Disclosure Certificate" (the "Certificate"), the proposed form of which is provided in APPENDIX C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds. The Town has never failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the Rule.

## **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the Town provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## **FINANCIAL ADVISOR**

Moors & Cabot, Inc. has acted as Financial Advisor to the Town with respect to the issuance of the Bonds pursuant to Municipal Securities Rulemaking Board Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid or participate in an underwriting syndicate for the public bidding of the Bonds.

## **STATUTORY REFERENCES**

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

## **CONDITIONS PRECEDENT TO DELIVERY**

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

### **No Litigation**

Upon delivery of the Bonds, the Town shall deliver or cause to be delivered a certificate of the Treasurer, and attested to by the Town Clerk, dated the date of delivery, to the effect that there is no litigation pending or, to the knowledge of such officers, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, and that neither the corporate existence nor boundaries of the Town, nor the title of any of said officers to their respective offices, is being contested.

### **Approval of Legality**

The legality of the Bonds will be approved by Bernstein, Shur, Sawyer & Nelson, P.A. of Augusta, Maine, Bond Counsel. The unqualified approving opinion of such counsel with respect to the Bonds will be delivered at the time of original delivery of the Bonds and a copy of the opinion will be provided to the original purchasers. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

### **Certification of the Bonds**

The Bonds will be certified as to their genuineness by The Bank of New York Mellon Trust Company, N.A., Boston, Massachusetts, which certificate will appear on the Bonds.

### **Certificate With Respect to Debt Limits**

At the time of the original delivery of and payment for the Bonds, the Town will deliver a certificate of the Finance Director of the Town which certifies that the Town has not exceeded its debt limit under Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, and that issuance of the Bonds will not cause the Town to exceed such debt limit.

### **Certificate With Respect to Official Statement**

At the time of the original delivery of and payment for the Bonds, the Town will deliver a certificate of the Treasurer addressed to the original purchasers of the Bonds, to the effect that he has examined this Official Statement and the financial and other data contained therein and that, to the best of his knowledge and belief, both as of its date and as of the date of delivery of the Bonds, the Official Statement does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

## TOWN OF BAR HARBOR

### GENERAL

The Town of Bar Harbor (hereinafter sometimes the “Town” or “Bar Harbor”) is located on the coast of Maine in the southern section of the County of Hancock, approximately 21 miles south-southeast of the City of Ellsworth and 45 miles southeast of the City of Bangor. The Town encompasses the entire northern and northeastern section of Mount Desert Island. Mount Desert Island is comprised of 114 square miles, being the third largest island in the continental United States, following only Long Island and Martha's Vineyard. The island is surrounded by Frenchman Bay to its northeast, Blue Hill Bay to its southwest and the Atlantic Ocean to its southeast. The Town is bordered from east to north to west by Frenchman Bay, Eastern Bay and Western Bay, respectively, with the Town of Mount Desert contiguous to Bar Harbor, forming its southern border. Access for ground transportation to Bar Harbor is provided by U.S. Interstate Route 95 in Bangor, to State Route 1A to Ellsworth with continuation on State Route 3 to the Town. Air service is provided by Bangor International Airport, in Bangor, and the Bar Harbor/Hancock County Airport, located on Trenton, just before Mount Desert Island. The Cat Ferry (the “Cat”) had provided seasonal ferry service between Bar Harbor and Yarmouth, Nova Scotia. However, due to discontinuance of subsidies (since the 2006 season) from the Government of Nova Scotia, Canada service has been suspended for the current season. It is unknown at this time if service will be reinstated between these locations or a new Canadian location (such as Halifax); or if another option will be offered in 2010 and beyond. The Town continues to be actively involved in facilitating a solution to reinstating ferry service.

In 1524, the Florentine explorer Giovanni da Verrazano was credited with naming the general area of the present Maine coast and the Canadian Maritime Provinces “L’Acadie”, perhaps a reference to an equally scenic region of ancient Greece. Mount Desert Island was first discovered by Samuel de Champlain in 1604 who named it “Isle des Montsdeserts”, or island of solitary mountains. Originally settled in 1763, the Town was incorporated as Eden on February 23, 1796. The name was changed to Bar Harbor on March 14, 1918, taken from its harbor with Bar Island directly in front of and to the west of the Town's main village.

In 1844, Thomas Cole, the founder of the Hudson River School of Painting, “discovered” the area encompassing the Town such that by the 1900's Bar Harbor had become the summer retreat for many of Boston's, New York City's and Philadelphia's wealthy and socially prominent citizens. The Depression of the 1930's and the Great Fire of 1947, which burned for three weeks destroying a third of the 222 mansions and over 11,000 acres of wilderness, caused the “Gilded Age” to end.

Today, the palatial summer “cottages” and hotels have become foundations for motor courts, campgrounds and a thriving motel industry. Many of the summer homes and clubs have become inns or B & Bs, retaining the previous decor of the Gilded Age era. Hotels, motels, inns and guest cottages provide over 3,500 rooms in the Town and the Town offers approximately 1,000 campsites for tents or camping vehicles. In addition to an economy enhanced by tourism, the Town of Bar Harbor is the home of The Jackson Laboratory, the College of the Atlantic, the Mount Desert Hospital, the Mount Desert Island Biological Laboratory, the Abbe Museum and is the urban hub for Acadia National Park.

The Town of Bar Harbor is a suburban-urban coastal community with highly developed shore areas. The Town is comprised of the villages of Bar Harbor, Salisbury Cove, Hulls Cove and Town Hill. The land area of the Town is comprised of zones which include: Business, Corridor, Historic, Industrial, Residential, Residential (limited), Resource Protection, Rural, Shoreland Development and Stream Protection, and open space, coastal and woodland areas with total land area embracing 44.48 square miles and approximately 34 miles of shoreline.



## GOVERNMENT

There are two basic forms of local government in Maine: the “Direct” form, often referred to as town meeting government, in which the town meeting serves as the legislative body, passing laws, approving the spending of monies; and the “Representational” form, in which an elected council serves as the legislative body. There are five basic variations of these two forms. Three variations of the Direct form are: *Town Meeting/Selectmen* Form of Government, the most common in Maine currently used by 209 municipalities in the state; *Town Meeting/Selectmen/Manager*, the second most common form of local government in Maine currently used by 135 towns; and *Council/Town Meeting/Manager* variation of the town meeting form of government, where the legislative functions of government are shared between the town meeting and an elected council. The two variations of the Representational form are: *Council/Manager* (37 cities or towns) and *Council/Mayor/Administrator* (four cities in Maine).

Pursuant to Title 30-A, Chapter 123, §2631 of Maine Revised Statutes, as amended, the Town has adopted its form of government through the state’s Statutory Town Manager Plan and operates as a *Town Council/Town Meeting/Manager* form. The Town also operates under a charter originally adopted in 1927, as amended, most recently on November 6, 2007 (the “Charter”). In November 2008 the voters of the Town formed a Charter Commission whose members submitted its final report on October 27, 2009 (see <http://www.barharbormaine.gov/document/0000/452.pdf>). The voters are expected to act on the proposed Charter changes at the Annual Town Meeting scheduled for June 8, 2010.

Under the Charter and pursuant to statute the Town Council is granted all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the Town’s property affairs and government, to preserve the public peace, health and safety, to establish personnel policies, and providing for an annual budget and annual audit of the Town’s accounts. Among several other powers the Annual and Special Town Meetings have the exclusive power and responsibility to act on the issuance of bonds. The Town Manager is the chief administrator of the Town.

## MUNICIPAL SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, water and wastewater services, highways, streets and sidewalks, parks and recreation areas. Public education is provided for grades K through 12 through an interlocal agreement between the Town and the other members of AOS 91 (as defined and discussed further in “TOWN OF BAR HARBOR – PUBLIC EDUCATION - Reorganization of School Administrative Units” herein).

### Public Safety

The Police and Dispatch Departments are staffed by 17 full and six part-time employees which include a Police Chief, a Lieutenant, two Sergeants, nine Patrol Officers and four dispatchers, and maintains three vehicles and a 26-foot Police Boat for cruise ship security. The Fire and Ambulance Departments are operated by a Fire Chief, an Assistant Chief, a Deputy Chief, a Captain, three full-time firefighters, three paramedics and approximately 22 volunteers operating from one main fire station, one sub-station, and maintains six fire vehicles and three ambulances. The Ambulance Department bills approximately 1,000 runs per year in the effort to maintain 24-hour paramedic coverage and is self sustaining through user fees. The Town has maintained its 1996 fire insurance rating classifications of Class Five, for Downtown, and Class Nine, for its rural areas.

The Town has a Harbor Master, two seasonal assistants, a Harbor Committee and a Marine Resources Committee. The Harbor Master coordinates all harbor activity, cruise ship reservations, assigning anchorage and initiating the billing fees, and serves as the Shellfish Conservation Warden. The Harbor

Committee and the Marine Resources Committee consist as separate groups of seven members each. The Harbor Committee recommends improvements to and provides planning for the Municipal Pier, the Town's moorings and its harbor. The Marine Resources Committee reseeds clam flats, coordinates ordinances and licenses for shellfish harvesting, and works generally to improve water quality.

## **Public Works**

The Public Works Department is managed by a Public Works Director who oversees approximately 30 personnel in four divisions: Highway, Wastewater, Water and Solid Waste (three of which are discussed in greater detail below); and Parks & Grounds, Comfort Stations, and Cemeteries sections.

*Solid Waste Division* - Residents of the Town dispose of their solid waste at its Transfer Station which is operated by three employees and one seasonal employee. The Town contracts with a private vendor to transfer its solid waste to the Penobscot Energy Recovery Company ("PERC") waste-to-energy plant in Orrington. The Town pays a basic tipping fee that is adjusted quarterly based upon a contractual formula that is administered by a nine-member Municipal Review Committee (the "Review Committee") which is elected from the 130 charter communities who send waste to PERC (the "Sending Communities"). The Review Committee oversees PERC's management in an advisory capacity to ensure that the Sending Communities' interests are protected. The Town is currently an owner of the PERC facility by way of its founding membership and dues paid to the MRC. It may acquire further ownership of the facility, along with the other Sending Communities, effective upon the termination of the current waste handling agreement, scheduled for March 2018. Under the terms of a waste disposal agreement with PERC, the Town guarantees 5,200 tons of acceptable waste per year to be hauled from Bar Harbor to PERC at a net tipping rate, currently at \$49 per ton (\$72 gross cost less \$23 reimbursement). Additional haulage costs are contracted out at approximately \$22 per ton. At the Town's Hulls Cove facility, the Town maintains a fully licensed but non-operating compost facility.

*Wastewater Division* - The Wastewater Division is established as an Enterprise Activity in that the intent of the Town is for the department to provide services on a continuing basis, financed entirely through user charges. The department is staffed by one superintendent, seven full-time and one part-time employees. The Division maintains three treatment plants and 10 pump stations and 20 miles of mains. The average flow treated at the Main Plant was 1.0 million gallons per day ("MGD") or 50% of its 2.00 MGD design criteria; and 0.063 MGD at the Hulls Cove Plant, or 42.0% of its .150 MGD design criteria. The average daily flow at the Main Street Pumping Station is currently 760 gallons per minute ("GPM") or 19.5% of its 3,888 GPM design criteria; and 45.0 GPM at the Hulls Cove Pump Station, or 16.0% of its 279 GPM design criteria. The Town is currently working with the State of Maine DEP and has been spending approximately \$173,000 annually, to remedy its infiltration and inflow problems as the Town's approach to alleviate its present Combined Sewer Overflow ("CSO") problems that would otherwise allow untreated wastewater to flow into the ocean. The Town's CSO Master Plan, approved by the Maine Department of Environmental Protection (the "DEP") in 2010, implements flow studies and engineering-approved phases over a five-year period that are expected to cost approximately \$500,000 with its conclusion expected to be by calendar year 2018.

*Water Division* - The Water Division, formerly the Bar Harbor Water Company acquired by the Town in 2001, is established as an Enterprise Activity in that the intent of the Town is for the department to provide services on a continuing basis, financed entirely through user. In 2004 the Town invested in a water system master plan to evaluate the treatment and distribution system; to consider potential needs of the system which may be driven by growth, worker safety, fire fighting needs, protection of the public water supply, regulatory changes and equipment and piping deterioration with a comprehensive vision that the Town can utilize for its capital improvement program, coordinating pipe replacement with wastewater and road construction and maintaining its filtration waiver. Keeping in line with that report,

over the past few years, in an effort to improve the water system reliability, the division has been actively investing in pipe replacement projects coordinating those projects with wastewater and road construction projects. Additionally, in 2009, the division changed its method of water disinfection. These changes were made as a proactive approach to improve water quality in advance of proposed disinfection byproduct regulations changes. The division will soon begin engineering additional changes to the treatment process which will include the installation of UV treatment. This will be accomplished in an effort to comply with new surface water treatment regulations.

The former Bar Harbor Water Company was originally established under Chapter 449 of the Private and Special Laws of Maine (1874), as amended; and, pursuant to Chapter 16 of the Private and Special Laws of Maine (2001) the Town acquired the stock of the company (on October 4, 2001), dissolved the corporation (on June 25, 2003) and starting on July 1, 2003, initiated operation of water system services as a department of the Town (the “Water System”). The Water System is a Class II Distribution System and Class II Treatment System, serving approximately 1,811 customers in a territory serving the major part of the Town, consisting principally of the villages of Bar Harbor, Hulls Cove and Salisbury Cove, with a population of approximately 3,300 inhabitants. The current source of the system’s water supply is entirely from surface water located at Eagle Lake, a 3.6-mile watershed in Acadia National Park, with storage capacity estimated at 580 million gallons, an estimated “Dry Year” daily yield of 250 million gallons. The average daily draft of the watershed is 1,067,000 gallons per day (or 0.2% of storage capacity) with maximum daily draft of 2,361,000 gallons per day (or 0.4% of storage capacity).

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>2009 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Hydrants & Schools	\$378,585	29.9%
Jackson Laboratory	Genetic Research & Mice Prod	112,053	8.8
College of the Atlantic	School	16,908	1.3
Witham Family LP	Bar Harbor Inn - Hotel	16,393	1.3
Colket, Tristram C Jr	Residence	13,682	1.1
Golden Anchor, LC	Harborside Hotel	12,855	1.0
Kebo Valley Club	Golf Club	10,884	0.9
Lafayette Bar Harbor, LLC	Hotel	9,798	0.8
Bar Harbor Housing Authority	Public Housing	9,166	0.7
Witham Family LP	Atlantic Oceanside - Hotel	9,093	0.7
Eden Street Trust	Regency Hotel	8,588	0.7
BHTC 111 LLC	Tennis Club	8,407	0.7
Pirates Cove Bar Harbor Inc	Mini Golf	7,197	0.6
Lafayette Bluenose, LLC	Hotel	7,145	0.6
Mount Desert Island Hospital	Hospital	7,115	0.6
Collier, Richard V Inc	Motel	6,877	0.5
Witham Family LP	Acadia Park Inn	6,350	0.5
Witham, David J	Acadia Motel	6,071	0.5
Frenchmans Bay Associates	Motel	5,710	0.5
Testas Hotels & Rest Inc	Retail & Restaurants	5,555	0.4
Sonogee LP	Elderly Housing	5,086	0.4
Hewlett Enterprises LP	Bed and Breakfast Inn	5,045	0.4
Bar Harbor Campground	Campground	4,188	0.3
Bayview Hotel Inc	Hotel	4,127	0.3
Birch Bay Retirement Village	Elderly Housing	3,966	0.3

The water system has the following reservoirs, standpipes or storage tanks:

<u>Location</u>	<u>Classification</u>	<u>Year Built</u>	<u>Capacity (000 gallons)</u>
Salisbury Cove	Riveted Steel	1928	50,000
Duck Brook	Riveted Steel	1936	528,000
Jackson Lab	Welded Steel	1968	500,000
Duck Brook	Underground Concrete	2001	500,000

<b>Number of Water System Customers</b>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Residential	1,255	1,265	1,290	1,297	1,266
Commercial	405	405	428	431	449
Industrial (Jax Lab)	30	32	36	38	47
Governmental	42	44	46	44	49
<b>Total</b>	1,732	1,746	1,800	1,810	1,811

<b>Water Sales (per 1,000 gallons)</b>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Residential	70,718	64,556	78,832	86,168	69,828
Commercial	107,523	100,139	105,470	114,358	108,793
Industrial (Jax Lab)	50,239	51,040	52,431	61,023	53,937
Public Authorities	11,672	13,304	12,486	10,452	14,279
<b>Total Water Sales</b>	240,152	229,039	249,219	272,001	246,837

<b>Water Sales (Revenue)</b>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Residential	\$272,647	\$263,478	\$328,642	\$331,911	\$360,176
Commercial	266,304	262,516	316,220	336,750	355,398
Industrial (Jax Lab)	60,094	62,051	75,681	79,940	90,825
Public Authorities	30,141	32,532	38,139	33,998	39,682
Public Fire Protection	270,000	270,000	298,522	298,522	346,992
Private Fire Protection	46,958	48,298	59,183	60,649	71,483
<b>Total Water Sales</b>	\$946,144	\$938,875	\$1,116,387	\$1,141,770	\$1,264,556

Source: Annual MPUC Reports of the Bar Harbor Water Division.

### Technology Initiatives

The Town has a private Fiber Optic backbone (“WAN”) connection to all municipal buildings allowing the Town to transfer and share data to all employees. Additionally, the Town has implemented secure, encrypted (“VPN”) connections allowing remote access for employees to the shared data from home, and away when traveling. This remote access provides the capability of the Town to function effectively in the event of a disaster that may not allow employees to come to the office. The Town has also implemented a Disaster Recovery plan for business continuity that includes tape/digital back-ups and off-site storage of the back-ups, has provided a platform to allow for on line registrations, payments, certain electronic billing, enabled residents to sign up online to obtain automatic reminders about tax payments, vehicle registrations, meeting agendas, and continues to expand in this area.

Web enabled security cameras have been installed in the downtown district allowing the Police Department to monitor high traffic areas. Currently, Bar Harbor is installing laptops in the Police, Fire and Ambulance vehicles to enable Dispatchers to ‘send’ critical first responder information via a secure (encrypted) radio connection directly to Public Safety vehicles. The Town has also expanded its use of GIS based data to post more information to its web site such as Tax Parcels, Dig Safe Forms, permits and much more. By accessing the same database Town departments are now enabled to efficiently update activity to its core GASB asset database by attaching related maintenance work, surveys, correspondence and other material that the Town deems to be electronically archived. Finally, the Town is actively engaged with various commercial providers to encourage efforts to continually expand broadband coverage into all the extended areas that are currently not served or are underserved. This is a focus of the Town Council, its Communication and Technology, and Economic Development Task Forces.

## **Economic Development**

The Town has established an Economic Development Task Force which is comprised of various business owners and professionals and works collaboratively with the Chamber of Commerce and Acadia National Park. The objective of the task force is to forward the *Economic Development Goals, Policies, and Strategies* in the Town’s Comprehensive Plan, especially to simplify regulatory and development standards to improve the community as a viable place for business. The Town is also working with a consultant to prepare an Economic Development Plan which will inventory businesses in Bar Harbor with the results of the study to enable the Town to institute measures that may further improve the local business climate.

## **PUBLIC EDUCATION**

### **Reorganization of School Administrative Units**

The School Consolidation Law (Public Law 2007, Chapter 240 (subsequently amended by Public Law 2007, Chapter 668) was enacted with the goal of reorganizing and consolidating existing School Administrative Units (“SAU”) into Regional School Units (“RSUs”). The law sets forth State policy to ensure that schools are reorganized into regional, State approved units of school administration in order to provide equitable educational opportunities, rigorous academic programs, uniformity in delivering programs, a greater uniformity in tax rates, more efficient and effective use of limited resources, preservation of school choice and maximum opportunity to deliver services in an efficient manner. All SAUs are directed to work with other units to reorganize into larger, more efficient units; or where expansion of the SAU would be impractical or inconsistent with state policy, reorganize their own administrative structures to reduce costs. The legislative intent of the law is to create a maximum of 80 school units or the number of units appropriate to achieve administrative efficiencies.

Subject to certain exceptions, existing SAUs are directed to form regional school units of at least 2,500 resident students; or 1,200 resident students in certain situations where geography, demographics, population density, transportation challenges and other obstacles make 2,500 impractical. Offshore islands and tribal schools are not subject to a minimum size requirement. Certain SAUs designated as “efficient, high performing districts” also are exempt from the regionalization requirement. The SAUs that are exempt from the regionalization requirement nonetheless are required to submit a plan to achieve efficiencies.

### **Alternative Organizational Structures**

Public Law 2007, Chapter 668 was enacted by passage by the State Legislature on April 18, 2008 of LD 2323, *An Act to Remove Barriers to the Reorganization of School Administrative Units*. The law allows

RSU planning committees to file a notice of intent to form an alternative organizational structure instead of a RSU, and establishes criteria for the formation of an alternative organizational structure.

A RSU may opt to form as an alternative organizational structure (“AOS”) in place of the standard RSU structure. While the structure of an AOS may maintain some characteristics of the former School Union structure an AOS is more formal and structured than simple affiliation of independent school administrative units. Statute requires that an AOS function as a single unit, however with expanded local control within the unit in contrast to the typical RSU structure; but, still being a RSU, the AOS structure still requires communities to function as a single school system that reports a single budget to the State Department of Education, receives a single subsidy check, and has a common core curriculum and procedures for standardized testing and assessment. An AOS files reports with the State as a single unit and adopts consistent school policies, school calendars and a plan for achieving consistent collective bargaining agreements. The plan for an AOS must also include one or more interlocal agreements and a plan for presenting, approving, and validating the annual school budget that ensures K-12 budget transparency for its members and their voters.

### **AOS 91**

AOS 91 is comprised of members of the former School Union #98, Community School District #7, MSAD No. 76 and a member of the former School Union #92 (see table, below). Individually, each SAU had student enrollment of less than 2,500; and collectively AOS 91’s enrollment would have been 1,690 on October 1, 2006 and 1,600 on October 1, 2008. A Reorganization Plan was submitted on August 22, 2008, that was approved by the Commissioner of Education and the newly formed AOS 91 became operational on July 1, 2009 as Mount Desert Island Regional School System (“MDI RSS”).

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NOTE: School Unions in Maine were a combination of two or more cities or towns joined together for administrative purposes only to better cost justify the employment of a superintendent of schools. The city or town shared a superintendent’s services and office expense, apportioned to each community on a pro rata share of the superintendent’s services to the community. As such, the individual community maintained its own budget, had its own school committee and operated independently as a separate unit, except for the superintendent expenses.

Community School Districts (“CSD”) in Maine were a combination of two or more municipalities who form to build, maintain and operate a school or schools to educate certain grades (e.g., grades 9 through 12). The member towns maintain individual control for the education of their students for grades not included in a CSD.

School Administrative Districts (“MSAD”) in Maine were a combination of two or more municipalities who pooled all educational resources to educate all students of the constituent municipalities, with one school committee comprised of people elected from member municipalities and shared the MSAD costs among member municipalities based on a formula.

Article V, Section C-26 of the Town’s Charter establishes a five-member Superintending School Committee, elected by the voters at-large for three year terms. The School Committee selects from its membership its four representatives to MDI RSS. MDI RSS is operated through an interlocal agreement between the eight member school units (“MSU”), dated September 18, 2008. Each year the AOS School Committee prepares and submits a budget for the central office of the AOS; informs MSUs of its respective share of the AOS central office budget; the MSUs’ respective School Committee develops its own budget; and submits its budget, along with its share of the AOS central office budget to the voters of the that MSU for a Budget Validation Referendum. All real property previously held by each SAU remains the property of the respective community.









































































































































































































