

BANGOR DAILY NEWS

September 14, 2011

Millinocket, E. Millinocket agree to tax deals with potential mill buyer

MILLINOCKET, Maine — A possible buyer of the two Katahdin region paper mills would pay \$900,000 annually in property taxes to the town under a tentative arrangement town leaders accepted on Tuesday.

With East Millinocket town leaders also having tentatively accepted their town's tax deal with Cate Street Capital on Tuesday morning, Millinocket's Town Council voted 7-0 after a lengthy executive session several hours later to accept the payment and tax increment financing plan.

Council Chairman John Davis did not return several calls seeking comment. Millinocket Town Manager Eugene Conlogue said he was pleased with the deal.

"It is a very positive thing for the town," Conlogue said Tuesday. "It is at the low end of what we really need but it works for us and it works for them. I am pleased that we came to an agreement on it."

As part of the deal, the TIF arrangement mill owner Katahdin Paper Co. LLC had with Millinocket would be improved in several ways and transferred to Cate Street if the New Hampshire-based investor completes the sale with mill parent company Brookfield Asset Management of Toronto.

Full details of the tax and TIF arrangements were not available.

In East Millinocket, the Board of Selectmen voted 4-0 during a special meeting Tuesday morning to approve a revised property tax agreement and have the town's attorney, Rob Crawford, forward the draft proposal to Cate Street, town administrative assistant Shirley Tapley said.

Citing a confidentiality agreement, Tapley and board Chairman Mark Scally declined to comment on the revisions and what impact they might have on Cate Street's attempt to buy the East Millinocket and Millinocket mills.

Cate Street spokesman Scott Tranchemontagne said he was pleased that East Millinocket and Millinocket had OK'd the proposals.

"We are pleased that things appear to be moving forward on the local level, but we cannot comment on the specifics of the agreement until we have a chance to review it," Tranchemontagne said late Tuesday. "There remain some very significant hurdles to overcome, and time is of the essence."

Cate Street continues to work to finish its deal with Brookfield by Thursday, Tranchemontagne said. The company [signed a tentative agreement](#) on Aug. 30 to buy the mills for an undisclosed price. Part of the deal [is the immediate restart of and an estimated \\$20 million investment](#) in the East Millinocket mill.

If all continues to go well, as many as 500 workers could be employed at the mills within several months, state officials have said. As many as 200 East Millinocket papermakers could return to work to fill orders

for virgin newsprint, one of the plant's specialties, by early October, with the plant's recycled newsprint operations resuming as orders arrive.

The mill employed as many as 450 workers when it shut down in April.

The Millinocket mill's production of magazine-style catalog and newspaper inserts is not expected for several months. It again depends on whether orders are placed, state officials have said. That mill employed as many as 150 workers when it closed in September 2008.

Richard Cyr, a senior vice president of Cate Street Capital and possible chief executive officer of the new Great Northern Paper Co., has stressed that all conditions of the agreement Cate Street signed with mills owner Brookfield Asset Management must be met by Sept. 15 or the deal would die.

The mills' unions [are meeting at 7 p.m. Wednesday](#) at [Schenck High School](#) in East Millinocket to vote on a possible contract with Cate Street. More than 400 workers are expected to attend, said Duane Lugdon, a USW international representative.

"This decision is entirely theirs. Our unions believe in the democratic principles that they are built upon," Lugdon said Tuesday. "We will put this in their hands and have absolute faith that they will make the right decision."

Since the April mill shutdown, the Katahdin region has suffered from a 21.1 to 21.8 percent unemployment rate. April was the first month in about 100 years when the Katahdin region produced no paper.

<http://bangordailynews.com/2011/09/13/business/east-millinocket-offers-revised-tax-deal-to-potential-katahdin-mills-buyer/>