

MAINE STATE LEGISLATURE

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(EMERGENCY)
FIRST SPECIAL SESSION

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 2032

H. P. 1861

House of Representatives, January 21, 1976

Referred to Committee on Appropriations and Financial Affairs. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Mahany of Easton.

Cosponsors: Mr. Finemore of Bridgewater, Mr. Carpenter of Houlton, Mr. LeBlanc of Van Buren.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SIX

AN ACT Concerning Certain Financial Guarantees to be Made to Pine Tree Sugar Beet Growers, Inc., by the Maine Guarantee Authority.

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the Maine Guarantee Authority sold the sugar beet refinery located in Easton to Pine Tree Sugar Beet Growers, Inc., a Maine corporation, and as a part of the consideration thereof accepted a purchase money mortgage given by the Pine Tree Sugar Beet Growers, Inc., securing the payment of \$1,600,000; and

Whereas, the Maine Guarantee Authority accepted as part of the down payment of the sale the sum of \$200,000, which sum was borrowed by the Pine Tree Sugar Beet Growers, Inc., and as security for repayment of this loan placed a second real estate mortgage on the refinery properties; which second mortgage was subsequently increased to \$330,000; and

Whereas, Nordic Sugar Corporation has initiated legal action against the Maine Guarantee Authority, et als., praying for specific performance of an alleged contract to sell the refinery properties to it and has also prayed for an injunctive relief and money damages, which suit is now pending in the Aroostook County Superior Court; and

Whereas, substantial additional financing is needed to restore, renovate and operate the refinery properties, which financing will be secured by a third real estate mortgage on the refinery properties; and

Whereas, the pending Nordic suit presents a cloud and apprehension as to the status of the title of the refinery properties and until title is resolved, potential investors will not provide additional financing for the renovation, restoration, operations and environmental improvements of the sugar beet refinery properties; and

Whereas, potential investors are willing to provide additional financing if certain guarantees of repayment are provided by the Maine Guarantee Authority in the event the Nordic suit is successful; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. Guarantee. The Maine Guarantee Authority shall guarantee that in the event the Nordic suit is successful and the court does award specific performance of conveyance and sale of the sugar beet refinery properties to Nordic, it shall pay to the holder thereof the amount of the second real estate mortgage given by Pine Tree Sugar Beet Growers, Inc., to secure a loan in the amount of \$330,000 of which \$200,000 was paid to the Maine Guarantee Authority as a down payment; and to guarantee payment to the holders thereof of the amount of any third real estate mortgage or mortgages made by Pine Tree Sugar Beet Growers, Inc., to secure loans not exceeding \$1,800,000 obtained for renovations, restorations, operations and environmental improvements of the refinery properties.

Sec. 2. Subordination of purchase money mortgage. The Maine Guarantee Authority shall subordinate its purchase money mortgage given to it by Pine Tree Sugar Beet Growers, Inc., to the aforementioned second and third real estate mortgages given as security to investors or lenders as security for financing the renovation, restoration, operations and for environmental improvements of the sugar beet refinery in a sum not to exceed \$1,800,000.

Sec. 3. Suspension of payments. The Maine Guarantee Authority shall, during the pendency of the Nordic court action and until its resolution or disposition, or both, by a court of final jurisdiction suspend all payments of principal and interest on the purchase money mortgage given to it by Pine Tree Sugar Beet Growers, Inc.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

STATEMENT OF FACT

The purpose of this bill is reflected in the preamble.