



MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY

Meeting Minutes of Board Meeting

September 25, 2013

Present: John Peters (Chair)), Sally DelGreco (Vice Chair), Lois Skillings (Secretary), John Moncure, Daniel Daggett, John Dorrer, George Gervais, John Shattuck, Sande Updegraph, Steve Weems,

Excused: Rita Armstrong (Treasurer)

Staff: Steven Levesque, Jeffrey Jordan, and Kathy Paradis

Location: Envoy Room, Portland Harbor Hotel, 468 Fore Street, Portland, ME

Time: 9:00 a.m.

Executive Session: Sally DelGreco made a motion to go into executive session to discuss property matters pursuant to 1 MRSA Section 405(6)(C), which was seconded by John Moncure. The vote was unanimous of the Board members present. At 10:20 a.m. John Moncure made a motion to adjourn from the Executive Session, which was seconded by Steve Weems. The vote was unanimous of the Board members present.

Welcome & Introductions. Board Chair John Peters invited the attendees to introduce themselves and welcomed them to the Portland Harbor Hotel, one of the locations in which the Association of Defense Communities (ADC) was holding its 2013 Annual Forum. He noted that in addition to presentations at the Ocean Gateway in Portland, the three-day ADC Forum included a windshield tour of Brunswick Landing, a lobster bake, and concurrent sessions at Southern Community College's Midcoast campus at Brunswick Landing. Chair Peters was pleased to introduce Bob Murdock, the President of the Board

of Directors for the ADC, as well as the Director of the Office of Military Affairs, to welcome the Board to the ADC Forum.

Bob Murdock informed the Board that about a year ago, the ADC reformatted its conference format. Previously, the format had two rotating catch-all conferences in different cities (a winter forum and an annual conference). This new format called for an annual meeting in Washington, D.C. (the Defense Communities National Summit) in June, as well as two mid-sized targeted forums in different cities. One of the mid-sized forums focuses on redevelopment and tools for economic development, which is the forum currently being held in Portland/Brunswick, Maine, and the other forum focuses on installation innovation and will be held in January 2014 in San Antonio, Texas. Mr. Murdock talked about the challenges that face BRAC'd, legacy, and growth military bases. He thanked the Board for hosting the conference in Maine, and said he really appreciated the hospitality.

Minutes. John Moncure made a motion to approve the minutes of the July 24, 2013 Board meeting and the August 15, 2013 special Board meeting. The vote was unanimous of the Board members present.

Executive Director's Report.

Federal Updates.

- **Property Conveyances.** Steve advised that MRRA is expecting another EDC transfer in October for about 60 acres in different spots, including the new tower area on the west side of the property, the Seabee compound and other properties scattered throughout Brunswick Landing. He noted that the Town of Brunswick has possession of the former field house (building 211), and MRRA gave it a license to use the parking lot. Steve reminded the Board that there are areas of the property that are still going through environmental investigation (such as the former ash pit), and property cannot be conveyed until environmental clearances are obtained. Steve also noted that the Navy continues to be responsive to our needs.
- **HUBZone Legislation.** MRRA is still working with the congressional delegation on HUB Zone legislation. The ADC has played a key role in helping with the legislation. If enacted, the HubZone area will be expanded to include the census tract on a closed military base, and it will be extended from five years to ten years.
- **Make It In America Challenge: TechPlace.** Steve said MRRA is still waiting to hear the results on the application MRRA submitted to the U.S. Department of Commerce's Economic Development Administration, the National Institute of Standards and Technology Manufacturing Extension Partnership, and the U.S. Department of Labor's Employment and Training

Administration. The Challenge program is designed to accelerate innovation and strengthen regional assets to increase manufacturing capabilities and capacity in the United States. Steve said the application has a strong team, consisting of MRRA, the Town of Brunswick, the Maine Department of Economic and Community Development, Coastal Counties Workforce Inc., the Maine Manufacturing Extension Partnership, Southern Maine Community College, the University of Maine, the Maine Technology Institute, Mölnlycke Health Care, Kestrel Aircraft and MRRA.

- Redevelopment Activity Review.

Brunswick Landing. Steve said that Brunswick Landing now has 26 various entities doing business, with over 340 jobs. It is anticipated that next year those numbers will more than double, and will replace all the civilian jobs lost on the former base. Steve advised there are 19 business leases occupying over 436,107 square feet, or 75% of the buildings owned or leased by MRRA. We are fast approaching a point where we will be leasing or selling most of the buildings. Steve drew the attention of the Board to a map which outlined properties transferred by Public Benefit Conveyance, sold properties, properties under contract, and properties currently leased. The map will be uploaded on MRRA's website.

Topsham Commerce Park. Steve said MRRA expects to close on additional property this fall at the Topsham Commerce Park with JHR Development.

Housing Sales. To date, Affordable Midcoast Housing (AMH) has sold about 60 housing units in the McKean Street housing, out of approximately 330 units. MRRA has received about \$145,000 from the sales under an agreement with AMH, whereby after \$1,000,000 in land sales have been realized (i.e., 20% of the purchase price), MRRA receives 5% of the purchase price of each unit sold. Steve said AMH has done a great job, and most of the homes are occupied by workforce housing and young families.

Matrix of Business Mix at Brunswick Landing. Steve recapped for the matrix for the Board, noting MRRA's target industries and the businesses (leased and sold) MRRA has landed from each target sector.

Steve advised that MRRA's most recent tenant, Tempus Jets, is in the process of obtaining its final FAA certification for a repair station. Tempus has moved some equipment into Hangar 6, and once certified will start working on airplanes. Steve noted that Tempus Jets' CEO was stationed at Naval Air Station Brunswick for two years. Steve said the period of time from the initial phone call from Tempus to the lease signing was a total of 22 days. He gave special thanks to Maine Department of Economic and Community Development (DECD) Commissioner George Gervais and Kristine Schuman of the DECD.

He noted that there was a recent Bangor Daily News article about how the changed tax law that exempts aircraft parts from Maine's 5% sales tax has made a significant change and brought opportunities to Maine from the aviation industry, which means huge dividends for MRRA.

Committee Reports.

Executive Committee. Committee Chair John Peters noted that the Committee met on August 6 and September 4, 2013, and that the Director's report covered much of what transpired.

Chair Peters recapped the proposed Power Purchase Agreement (PPA) with Village Green Brunswick Landing (VGBL) discussion at the August 6 Committee meeting, noting that MRRA will pay VGV no more than 5% below the market price for electricity, but if the market price is less than the \$0.085/kwh price floor MRRA will pay VGV the market price (i.e., could pay less than \$0.085/kwh).

Chair Peters asked that the vote in the August 6 Committee notes regarding the new electricity purchase contract with Constellation be corrected to reflect he was not in favor to purchase only 75% of MRRA's electricity at a fixed price from Constellation (he recommended MRRA buy 100% fixed).

Also at the August 6 meeting, the Committee was advised of \$26,000 in emergency repairs for a high pressure water pump that services the hangars.

Chair Peters summarized the September 4 Committee meeting noting:

- A lease had been signed with Tempus Jets.
- The Committee discussed the operating expenses regarding the inflow and infiltration (I&I) system at Brunswick Landing. MRRA had the Brunswick Sewer District video and monitor the system and retained Wright Pierce to analyze the results. John stated that the good news is it's not going to be as expensive as originally thought. Steve Levesque remarked that MRRA plans to enter into contract with Sewer District to perform the spot repairs because they will be less expensive than a contractor. This will reduce the I&I costs substantially.
- The Committee discussed enforcing of speed limits and opening the back gate.

John Peters advised the Board that he attended a ribbon cutting ceremony at Mölnlycke Health Care. He said the company's executive leaders from around the world were in attendance. He said Mölnlycke is truly an international company, and a leading wound care manufacturer. He said the company is making substantial investment in its labor force, and even sends many of its

Brunswick Landing workers to Finland for training. Production at the facility begins in December; the raw materials come from the Wiscasset facility.

Finance Committee. MRRA Deputy Director Jeffrey Jordan gave the Finance Committee report in Treasurer Rita Armstrong's absence. He said the Finance Committee reviewed the financials for the period ending August 31. He also advised the Board that a draft audit report is being prepared and will come before the full Board at a later date, but prior to October 31st because the audit needs to be in Augusta prior to that date.

Jeffrey said a draft financial dashboard had been prepared. He noted a dashboard is difficult to present in financial form for a couple of reasons: MRRA is only two months into the fiscal year and most funds are grant funds, which straddle fiscal years.

Jeffrey advised the Board that the Finance Committee is recommending a budget amendment to rectify an Excel spreadsheet error (three sources of revenue should have been summed; however, only two were summed). The budget needs to be amended to include \$150,000 of unobligated funds from the sale of property to Affordable Midcoast Housing (\$456,494.20) to fund the revenue sharing payment to the Navy for fiscal year 2014.

Action Item: Steve Weems made motion that the MRRA Board approve a budget amendment authorizing the transfer from #50900-X from the Reserve Class to MRRA Class in the amount of \$150,000, which was seconded by Sandy Updegraph. The vote was unanimous of the Board members present.

John Peters made some comments on the draft audit report. He noted that it will be an unmodified (clean) opinion, with no major deficiencies. He did note that the auditors suggested tighter control of debit cards or the use of credit cards or purchase cards. He commented on the book value of properties at Brunswick Landing are drastically different than the appraised values. He is concerned that at some point in the future MRRA may have negative equity after having sold all properties if the property values don't more accurately reflect their true cost. He expressed the need to be proactive in correcting this matter.

Deputy Director Jeffrey Jordan gave some background on how the values have been established. He first noted that the Navy had performed an appraisal of the properties for the economic development conveyance (EDC) process. Once the EDC process was complete and the agreement signed, MRRA asked the Navy for the appraisals so that it could establish book values. The Navy declined to provide the information. Consequently, MRRA worked with its then-auditor, McDonald Page, to figure out how to come up with values. As a result, in 2011, MRRA used the estimated replacement cost values the Navy established in 2006. It was soon apparent that the Navy's estimated cost to replace was overstated. The lack of maintenance and repair of the buildings

during NASB closure has also contributed to impair the values. In 2012, MRRA revised and restated the asset values by applying an Implicit Price Deflator and functional or single purpose depreciation factors. With each property sale, MRRA gets an independent appraisal so now it has a growing database to establish more realistic property values. Jeffrey said that this fiscal year MRRA will be doing a full reassessment of all of its properties and will adjust its fixed asset schedule accordingly.

Public Hearing on Traffic Ordinance and Order:

After being duly notice on September 12, 2013 in the Times Record, the Public Hearing was called to order at 11:10 a.m. Executive Director Steve Levesque stated that after obtaining the most of the roads at former NASB, MRRA discovered that the local police department could not enforce the traffic laws because the roads were considered to be private. With the help of state senator Stan Gerzofsky, legislation was introduced that passed in June, allowing for local police traffic enforcement. The law will become effective 90 days after passage (October 10). The new speed limits shall be:

- All of Admiral Fitch Drive and Orion Street, from SeaHawk Avenue to the southern gate, will be 35-mph zones.
- Speed limits everywhere else will be 25 mph.

To implement the speed limits, Deputy Director Jeffrey Jordan drafted an ordinance:

The Board of Trustees of the Midcoast Regional Redevelopment Authority pursuant to the powers granted to the Board of Trustees by the State of Maine pursuant to 5 MRSA §13083-K, sub-§4 hereby ordains that the "Code of Ordinances of the Midcoast Regional Redevelopment Authority" be and hereby is amended as follows:

Chapter 1 Motor Vehicles and Traffic

Section 1.1 Operation of a vehicle to be at careful, prudent speed.

Any person driving a vehicle on a street at Brunswick Landing shall drive the same at a careful and prudent speed not greater than is reasonable and proper, having due regard to the traffic, surface and width of the street, and of any other conditions then existing, and no person shall drive any vehicle upon a street at such a speed as to endanger any person or property.

Section 1.2 Unlawful to exceed speed limits.

Any speed in excess of the limits established by law shall be unlawful.

Section 1.3 Schedule of Speed Zones

The Board of Trustees shall establish by order a schedule of "Speed Zones" which shall be designated as Traffic Schedule No. 1 "Speed Zones" and kept on file in the office of the Executive

Director of MRRA. Said schedule may be amended from time to time by the Board of Trustees by order.

Chair Peters then opened the public hearing up to receive public comments on the Traffic Ordinance. Hearing no comments, he closed the public hearing.

Action Item: John Shattuck made a motion that the Midcoast Regional Redevelopment Authority Code of Ordinances include Chapter 1 – Motor Vehicles and Traffic, noting that copy of which shall be attached to the official minutes of this meeting, which was seconded by John Moncure. The vote was unanimous of the Board members present.

Action Item: John Shattuck moved that Order #1/2013 be passed, which was seconded by John Moncure. The vote was unanimous of the Board members present.

Other Business.

Annual Meeting/Nominating Committee: Proposed dates for MRRA's Sixth Annual Meeting and Dinner are November 20 or 21. A nominating committee was appointed for the election of officers. The Nominating Committee will consist of Sally DelGreco, Dan Daggett, Sandy Updegraph, Lois Armstrong and Rita Armstrong. It was noted that the Governor would make his nominations for the MRRA Board vacancies in January.

The MRRA Board Retreat will be discussed in the October 1 Executive Committee meeting.

Adjournment: A motion was made by Sally DelGreco at 11:32 a.m. to adjourn from the Board meeting, which was seconded by Steve Weems. The vote was unanimous of the Board members present.

Lois Skillings, Secretary