



MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY

Minutes of the Sixth Annual Board Meeting

November 21, 2013

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

Excused: Dan Daggett and Sande Updegraph

Staff: Steven Levesque, Jeffrey Jordan, Michael Russo, and Kathy Paradis

Location: Hilton Garden Inn, Freeport

Time: 3:00 p.m.

Welcome & Introductions. John Peters welcomed the Board members and attendees and invited them to introduce themselves.

Host Community Comment. Peter Joseph, Freeport Town Manager, welcomed the Board to Freeport. He noted that earlier this year, Jeffrey Jordan, MRRA's Deputy Director, gave an update and presentation of MRRA's activities to the Freeport town council. Peter said he appreciated the great communication between the organizations. Peter said that sometimes the town cannot accommodate a business because the Town's available parcels may be too small, so Brunswick Landing is a great asset for regional economic development; especially because he knows people locating in the region will shop and may purchase a home in Freeport. Peter said Freeport has referred many entities to MRRA.

Peter also updated the Board regarding Freeport's activities, noting that for the fourth straight quarter Freeport is up in retail growth and consumption sales, while the state is down by 2%. He said Freeport continues to focus on retail, the great outdoors (recreational expansion), and local food specialties and drink, noting the following companies located in Freeport: Wilbur's of Maine Chocolate Confections, Cold River Vodka distillery, and Maine Beer Company who recently relocated from Portland to a larger space in Freeport.

Approval of Minutes of September 25 and October 17, 2013. John Moncure made a motion to approve the minutes of September 25 and October 17, 2013, which was seconded by Sally DelGreco. The vote was unanimous of the Board members present.

Executive Director's Report.

Property Conveyances. Executive Director Steve Levesque said that MRRA has received approximately 1,700 acres from the Navy, and is expecting another 60 acres consisting of the new tower area, the CB compound and several other properties. These 60 acres were supposed to be received in September, but was held up due to the sequestration. Currently, we expect that the Finding of Suitability to Transfer (FOST) will be signed prior to Christmas, and the property transfer is expected in January.

Steve said the Finding of Suitability to Lease (FOSL) regarding Hangar 4 will be signed later in the week and the FOSL regarding Building 250 will be signed next week, paving the way for the Navy to issue Lease in Furtherance of Conveyance (LIFOC). With the issuance of the FOSL, the property should be forthcoming in early December. Steve reminded the Board that property cannot be conveyed until it has been cleared environmentally with the concurrence from Maine Department of Environmental Protection and the U.S. Environmental Protection Agency.

HUBZone Legislation

Steve advised that staff continues to work with the staff and members of the Maine Congressional delegation to move this bill into a position for passage. The plan is to attach it to the Defense Authorization Act, which we hoped would be done imminently; however, with today's filibuster, it may not happen.

Make It In America Challenge – TechPlace

Steve said he was pleased to report that MRRA was one of 11 awardees nationally for a "Make it in America Challenge Grant." He said staff worked with our local and State-wide economic development and workforce partners to submit our application to the Federal Government in response to this

Challenge program to accelerate innovation and strengthen regional assets to increase manufacturing capabilities and capacity in the US. This program is in direct alignment with the goals and objectives of MRRA and MRRA's TechPlace initiative.

Steve advised that this is a significant partnership involving 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, the Town of Brunswick, Mölnlycke Health Care, Kestrel Aircraft and MRRA. Both the Brunswick Development Corporation and DECD have made financial commitments of \$250,000 each, and with MRRA's own contribution of \$250,000, will serve to match EDA's \$750,000 for the fit-ups and improvements to Building 250.

Redevelopment Activity Review

Steve said that MRRA had a very good year in effecting the redevelopment of former NAS Brunswick, which closed in May of 2011, and noted the following major activities:

- ✓ In 2013, we signed new leases totaling 212,000 square feet of space to the following new companies:
 - Mölnlycke Health Care
 - Savilinx
 - Tri-Star Sheet Metal
 - ABL Electric
 - Fessenden Geo-Environmental Services/Construction Materials Testing)
 - Tempus Jets
 - Brunswick Sewer District
 - O'Neal Janitorial

Steve said the aforementioned companies join 18 other business entities existing on the property prior to 2013, and that six of the companies are new to the State of Maine.

Steve also noted:

- ✓ In the spring of 2013, MRRA received subdivision approval for the initial phase of the Brunswick Landing property paving the way for the sale of 300 acres and 26 buildings in Brunswick, and sold its first commercial property in Topsham (the former Commissary and accompanying 5.6 acres) to accommodate further redevelopment. Steve said by the end of 2013, MRRA will have sold over 370,000

square feet of building real estate, and there are now four private sector real estate developers engaged in redevelopment activities at Brunswick Landing. As a result, a number of these buildings are in the process of being leased to the following entities:

- Seeds of Independence
 - Providence Service Corporation
 - Wicked Joe Coffee
 - The Maine Harvest Company
 - Wild Oats Bakery and Cafe
 - Midcoast Veterans Center
- ✓ MRRA and the Town of Brunswick successfully negotiated a tax increment financing plan that will help both entities make critical investments to its infrastructure and other community needs.
- ✓ Since the closure of the base in 2011, the net positive economic impacts from the redevelopment include, but are not limited to the following:
- There are now over 41 entities doing business at Brunswick Landing and the Topsham Commerce Park, creating over 750 jobs (exceeding the short-term economic goal).
 - MRRA has awarded over \$25 million dollars in contracts for property improvements, building construction/reconstruction and airport and utility infrastructure.
 - Brunswick Landing and Topsham Commerce Park have realized over \$100 million in new private sector investment with another \$30-50 million in the planning stages.
 - Over \$51 million in new tax base has been added to the tax rolls in the towns of Brunswick and Topsham, with new property tax revenues exceeding \$2 million from the former base properties.

Leases. Steve advised that MRRA currently has 19 business leases, occupying over 436,107 square feet or 75% of the buildings that we own or lease (not under contract or being demolished).

Property Sales. Steve advised of the following:

- ✓ In April 2013, MRRA closed on the sale of two properties:

- The first block of the Affordable Midcoast Housing (AMH) sale of the former Bachelor Enlisted Quarters (BEQ's), comprising 4.93 acres and eight buildings.
 - The sale to TBW, LLC for the former Personnel Support Building (24) and Building 592 on 2.86 acres.
- ✓ In June 2013, MRRA closed on the sale of second block of the BEQ's to AMH (8.87 acres and 12 buildings).
 - ✓ In July, MRRA closed on the sale of approximately 5.6 acres and two buildings: the former Navy Lodge and Recreation Center; as well as 1.57 acres to Precast Concrete in Topsham.
 - ✓ In November 2013, MRRA closed on the former Commissary and 5.6 acres of land in the Topsham Commerce Park.
 - ✓ MRRA is expecting the closing of additional property sales later in the year, which includes the hotel property (building #750) and over 10 acres of land.

Housing Sales. Steve advised that to date, Affordable Mid Coast Housing has closed on 66 housing units in the McKean Street neighborhood, and a number of others are under contract. By MRRA's agreement with AMH, 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. Land sales now total \$1,770,916 and MRRA has received \$187,483 to date for its agreed share.

Finance Committee.

The Committee Chair, Rita Armstrong, reported that since the last Board meeting, the Finance Committee met on October 11, October 17, and November 13.

Rita said that in the October meetings the Committee reviewed the audit in detail and was pleased with it. She thanked Hank Farrah of the accounting firm of Runyon Kersteen Ouellette (MRRA's auditors), and also MRRA staff, Jeffrey Jordan and Michael Russo, for their hard work.

In the October 17 meeting, the Committee reviewed the reports for the first quarter (ending September 30) and found them to be in order. In the Committee meeting, the Deputy Director noted that there have been substantial changes to financial reports in order to provide a concise overview of all the entities under the MRRA umbrella. The reports now have a two page Financial Dashboard that provides a high level overview of MRRA's financial condition.

The November 13 meeting was spent reviewing the five year financial projections. Rita noted that the projections are conservative on the revenue side, and liberal on the expenditure side. Rita noted that the Committee needs to keep monitoring the assumptions, but thought that the financial forecast looked good.

Deputy Director Jeffrey Jordan gave an overview the Five Year Financial Forecast and Capital Improvement Plan, a copy of which is attached to these minutes. Among other things, Jeffrey and Board members discussed how the Job Tax Increment Financial program works, how MRRA's financial model does not anticipate any sales that are not already under contract and how MRRA will be able to pay its \$3M note with the Navy ahead of schedule.

Steve Weems questioned assumptions on TIF revenues. Jeffrey said the model is consistent with the Town of Brunswick's model.

Rita said the report was an outstanding body of work and is very pleased with it as a strategic tool. She thanked Jeffrey again for making MRRA's reports easy to understand, a sentiment echoed by other Board members.

Rita said she was pleased to bring a motion to accept the EDA award, local match and appropriation discussed in the Executive Director's report:

Action Item: Rita Armstrong made a motion that the MRRA Board accept a budget amendment to (1) accept the \$750,000 grant from the Economic Development Administration (EDA); (2) accept \$250,000 from the Maine Department of Economic and Community Development; (3) accept \$250,000 from the Brunswick Development Corporation (BDC); (4) authorize MRRA to transfer \$250,000 from the Sale of Property from AHM Account to the Grant Budget Account; and (5) authorize an appropriation of \$1,500,000 for the development of TechPlace, as recommended by the Finance Committee. The motion was seconded by John Moncure and the vote was unanimous of the Board members present.

Next, Rita brought a motion to accept the quarterly financials:

Action Item: Rita Armstrong made a motion the MRRA Board accept the quarterly financial report ending September 30, 2013, as recommended by the Finance Committee, which was seconded by John Moncure. The vote was unanimous of the Board members present.

Nominating Committee.

Nominating Committee Chair Sally DelGreco advised that she and the other Committee members (Dan Daggett, Sandy Updegraph, Lois Armstrong and Rita Armstrong) met on November 8. The Committee reviewed the current slate of

officers and the general consensus was to maintain the current slate. The Committee also solicited feedback from the entire Board to see if anyone else was interested in being an officer or were not satisfied with the current slate. The Committee also asked the Executive Director if he approved of the current slate.

Action Item: Sally DelGreco made a motion that the following officers of the MRRA Board be re-elected: Chair John Peters, Vice Chair Sally DelGreco, Treasurer Rita Armstrong, and Secretary Lois Skillings, as recommended by the Nominating Committee, which was seconded by John Moncure. The vote was unanimous of the Board members present.

On behalf of the other Board members, Steve Weems gave kudos to the officers for a job well done.

Executive Committee.

Committee Chair John Peters said that the Committee met on October 1 and November 4, and while much was covered in the Executive Director's report.

John reported that he attended the national Association of Defense Communities' 2013 Base Redevelopment Forum in September and it was a resounding success. Sessions were held in Portland, and a lobster bake and concurrent sessions at Brunswick Landing. Chair Peters said that folks from all over the country attended, and it was a good opportunity for Steve Levesque and staff to showcase Brunswick Landing. He noted that MRRA has only had access to facilities for a little over two years, and the folks from other former military installations were very impressed.

Chair John Peters also noted that during the last week of October, Steve Levesque participated in a foreign trade mission to Mexico with Maine Governor Paul LePage. Earlier in October, Steve Levesque and Marty McMahon attended the National Business Aviation Association's (NBAA) Business Aviation Convention and Exhibition in Las Vegas, Nevada to promote Brunswick Executive Airport.

Board Retreat. It was also reported that the Board held a retreat on November 20 and discussed restructuring MRRA's Committees. Currently there are six different committees which make it difficult to schedule meetings and get quorums. He added that many of the issues that existed when the local redevelopment authority was first formed have become routine or no longer exist. Six Board members will sit on each Committee, a quorum will constitute 50% of the Committee members, and the Committees names and responsibilities are as follows:

The Executive Committee will be chaired by John Peters. It will be primarily responsible for issues regarding the board of trustees, government relations, personnel, legal, marketing, community and public relations and policies.

The Redevelopment Committee will be chaired by John Moncure. It will be primarily responsible for issues regarding property lease/sales, property divisions, maintenance and security, housing, property transfers, airport operations, utilities strategy, utility administrative structures, the Renewable Energy Center feasibility study, and environmental issues.

The Finance Committee will be chaired by Rita Armstrong. It will be primarily responsible for issues regarding budget, audit and financial operations.

Action Item: John Moncure made a motion that the MRRA staff be directed to draft an amendment to the MRRA Bylaws to reflect the restructuring of committees and quorum 50% requirement, which was seconded by Lois Armstrong. The vote was unanimous of the Board members present.

Utilities, Energy and Environmental Committee.

Committee Chair Steve Weems reported that the Committee met on October 3 and mainly focused on the status of and the planning for the Brunswick Renewable Energy Center (BREC) at Brunswick Landing. Tom Brubaker gave the Committee an update of the five step plan contained in the BREC feasibility study and noted that the first four tasks (i.e., infrastructure and site analysis, renewable generation opportunities, identification of technology partners, and operational management needs and next steps) had been completed. Task 5, the implementation phase, is ongoing.

In addition, the Committee discussed in detail the progress of the water Inflow and Infiltration (I&I) system at Brunswick Landing. Committee Chair Weems noted that Brunswick Landing's I&I is much higher than other districts (or about 70% of the total sewer discharge), and is twice what it should be. The goal is to reduce it by 40%. MRRA has been working with its consultant, Wright-Pierce, as well as the Brunswick Sewer District (BSD) to make repairs and arrest the I&I problem so the system can be turned over to BSD. Steve said the project will be a significant line item in MRRA's use of TIF proceeds.

Steve said the Committee also heard an update on environmental remediation issues being handled by the Navy from Tom Brubaker, and that MRRA is generally happy with the Navy's progress in this regard.

Other Business: None

Public Comment: None

Executive Session: At 4:05 p.m. John Moncure made a motion to go into executive session to discuss property disposition and personnel matters pursuant to 1 MRSA Section 405(6)(A) and (C), which was seconded by Rita Armstrong. The vote was unanimous of the Board members present. At 5:15 p.m. Sally DelGreco made a motion to adjourn from the Executive Session and resume the Board meeting, which was seconded by Rita Armstrong. The vote was unanimous of the Board members present.

Adjournment: A motion was made by Rita Armstrong at 5:16 p.m. to adjourn from the Board meeting, which was seconded by Sally Delgreco. The vote was unanimous of the Board members present.

Lois Skillings, Secretary