



MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY

Meeting Minutes May 22, 2013

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

Excused: Dan Daggett

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

Location: Bath City Hall Council Chambers

Time: 4:00 pm

Welcome & Introductions. Chair John Peters introduced himself, noting that he was humbled, having recently been elected as Chair by his fellow board members. Mr. Peters recognized the hard work, dedication and achievement that outgoing Chair John Moncure put forth during his tenure. He thanked John Moncure and said he was looking forward to his tutelage. Mr. Peters then invited the Board and members of the public attending to introduce themselves.

Minutes of March 27 and May 1, 2013. John Moncure made a motion to approve the Board minutes of March 27 and May 1, 2013, which was seconded by Steve Weems. The vote was unanimous of the Board members present.

Executive Director's Report.

Federal Update.

- Property Conveyances: Executive Director Steve Levesque said that building 200, the former Terminal Building, was recently transferred to MRRA. MRRA is starting to work on the property. The building will eventually be used as administrative offices, and it is anticipated that FlightLevel, the airport's fixed base operator, will move there from hangar 6. Steve noted that the next Finding of Suitability to Transfer (FOST) has been pushed to September, although building 211 that is scheduled to be transferred to the Town of Brunswick may be a little earlier. The remaining properties at the former NASB and Topsham Annex will be conveyed in bits and pieces, once appropriate environmental clearances are obtained.

- HUBZone Legislation: Steve advised that staff continues to work with members of the Maine Congressional delegation to move this bill into a position for passage by attaching it to the Defense Authorization Act.
- Make it in America Challenge – Tech Place: Staff is working with our local and state-wide economic development and workforce partners to submit an application to the Federal Government that is being funded by 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 this program follows the President’s State of the Union address, and calls for an initial 15 centers to be established across the country. Steve said the program is in direct alignment with the goals and objectives of MRRA and its TechPlace initiative.

Steve further said 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, Mölnlycke Health Care, Kestrel Aircraft and MRRA. Both the Brunswick Development Corporation and Maine DECD have made financial commitments with MRRA to provide the 50% match of the EDA portion (\$250,000 from each entity). The application is due May 31, and Steve said he thinks we have a strong team that will be hard to beat, noting that board member Sally DelGreco is helping to write the grant. John Shattuck commented that Tech Place at Brunswick Landing scored high in the regional CEDS (Comprehensive Economic Development Strategy) process – making it to the first tier.

State Update

Pending Legislation Tracking:

- LD 490. A bill to make permanent the sales tax exemption on airplanes and airplane parts that is set to expire in 2015 had public hearings and work sessions. Steve said this bill was voted out unanimous “ought to pass” from the Transportation Committee, and appears to be stuck on the floor of the House.
- LD 127, Traffic Enforcement Bill. The bill will allow for the enforcement of traffic laws by town, state and county policing agencies at Brunswick Landing. The bill has been reported out “ought to pass” from the Transportation Committee. Once passed, MDOT will establish speeding limits at Brunswick Landing and enforcement agencies will be able to enforce them.
- LD 1476, Board Representation Bill. This bill, which would allow for direct appointments to the MRRA Board from the Towns of Brunswick and Topsham,

had a hearing on May 13 and work session on May 17. The bill has been reported out “ought not to pass” by a 7/6 vote.

Local Update

Town of Topsham - Topsham Commerce Park: MRRA staff is working with JHR Development on a redevelopment of the 12.71 acre parcel at the Topsham Commerce Park. Steve advised that the Board members will discuss this more in Executive Session after the Board meeting.

Real Estate Update

Property Sales: Steve directed the Board attention to a map for reference and advised that in April, MRRA sold two properties:

- The first block of the Affordable Midcoast Housing (AMH) sale of the former Bachelor Enlisted Quarters, comprising 4.93 acres and eight buildings for a price of \$1,040,096.
- The sale to TBW, LLC for the former Personnel Support Building (24) and Building 592 on 2.86 acres for \$510,000.
- Steve said MRRA is expecting to close on the second block of the AMH sale (8.87 acres and 12 buildings) and the Priority Group sale (3.25 acres and 2 buildings) next month. It is also expecting to see Public Benefit Conveyances of building 211 (Rec Center) to the Town.

Housing Sales: To date, Affordable Mid Coast Housing (AMH) has closed on about 40 housing units in the McKeen Street neighborhood, and more are under contract. Steve explained that while AMH had purchased the base housing, it did not own the land – MRRA owned the land. Part of our agreement in selling the land to AMH called for receiving 5% of the purchase price of every unit sold after \$1,000,000 in land sales have been realized (i.e., 20% of the purchase price). Steve advised that MRRA has reached the threshold (land sales now total \$1,026,230) and will be receiving 5% of each unit’s purchase price.

Lease Review: Steve advised with the turnover of Building 1 to Mölnlycke Health Care, the addition of the SaviLinx contact center, and the new addition of ABL Electric, Brunswick Landing now has 24 tenants, and noted that MRRA is leasing over 51% of the buildings it currently controls.

Job Review. Steve advised the Board that there are nearly 200 people working at Brunswick Landing, and 400 expected working by the end of the 2014. He reported that according to a recent New England Federal Reserve Report, the State of Maine netted 600 jobs last year. Nearly a one-third of those jobs were created at Brunswick Landing.

MRRA Board Retreat. The next Board retreat will be on July 22 prior to the Board meeting.

Committee Reports.

Executive Committee. Vice Chair Sally DelGreco gave the Executive Committee Report. Sally said the Committee met on April 2 and May 7, 2013. She noted that much of what was discussed in the Committee meetings was previously covered in the Director's Report, excepting the Committee's awarding of several contracts, as follows:

Building Demolition. The bid was awarded to McGee Construction for the bid amount of \$428,700.00.

Hangar 5 Roof Repair. The bid was awarded to IRC Roof Management Services for the amount bid of \$70,165.00.

Airfield Bituminous Pavement Maintenance. The bid was awarded to AnnSeal, Inc. for the bid amount of \$56,500.0.

Vehicle Purchases. A bid for a half-ton 4x4 crew cab with 9,500 lbs tow package was awarded to Goodwin's Chevrolet for \$33,153.50; and the one ton dump truck was awarded to Bodwell Dodge for \$43,490.00.

Sally also reported that the Committee approved funding of \$50,000 from the MRRR Growth Fund Loan Program to SaviLinx, LLC for seed revenue

Finance Committee. Committee Chair Rita Armstrong said that the Finance Committee met twice since the last regularly scheduled Board meeting, on March 21 and May 15.

Rita said that the March 21 meeting was to review February's financial statements, the statements of MRRR's subsidiaries and a fiscal year 2013 budget projection. The Committee found all to be in good order and accepted the February financial statements.

Rita said that in the May 15 meeting, the Finance Committee reviewed all of MRRR accounts, as well as the balance sheet, bank reconciliation statement, statement of cash flow and detailed transaction report. She advised that the Committee found these to be in good order, and the Committee unanimously accepted them.

Action Item: Rita Armstrong made a motion that the MRRR Board approve the quarterly reports ending March 31, 2013, as recommended by the Finance Committee, which was seconded by John Moncure. The vote was unanimous of the Board members present.

Rita reported that the Committee also reviewed MRRR's subsidiary organizations' reports, the business travel and expense report for the third quarter, and took a brief look at the budget forecast for the end of the year. At this point in time, MRRR is projected that across all budget accounts, it will exceed the 2013 budget by approximately \$160,000 due in large part because of building maintenance, snow removal and heating. She said that the Committee will present a recommendation to the Board at its meeting on whether to finish the year in the red or to amend the 2013 budget to cover the shortfall either through a reduction in the amount put into the capital reserve from lease revenue (currently 10%), or through an additional transfer from the sale of property.

Deputy Director Jeffrey Jordan presented a detailed PowerPoint presentation to the Board containing the following budgets: MRRA Operating Budget, Brunswick Executive Airport, Electric Utility, Water Utility, Stormwater and Sewer Utility and FY 2014 OEA Budget. Jeffrey also discussed the projected lease and property sale revenues and how the funds support capital improvements. The Deputy Director noted that the Office of Economic Adjustment (OEA) grant review committee has recommended the budget.

John Peters noted that the deficit is slightly larger than projected a year ago; however, after some discussion with Rita Armstrong he concluded that the budget includes a very conservative approach by putting money away for a rainy day. Jeffrey said that MRRA has significant assets, but faces the difficult challenge of maintaining buildings and infrastructure (roadways, water and electrical distribution systems and sanitary and stormwater collection systems) prior to all properties having tenants. It's a balancing act that all redevelopment authorities have to do nationwide. At the present, MRRA has limited tenants and huge expenses; nevertheless, MRRA is held up as a model redevelopment agency by OEA. Jeffrey noted the budget does not factor in future leases; only projected sales of housing units for four years. The budget strategy developed by staff and the Finance Committee is a very conservative approach to estimating revenues and expenses.

Chair Rita Armstrong said that the Finance Committee is concerned with long term sustainability; hence, it has asked the Deputy Director to continue to periodically update the five year financial plan. Rita said that OEA is being asked to make funding available for a more sophisticated financial model, and Jeffrey noted that MRRA has requested a \$100,000 grant prepare an updated property condition assessment so we know the current condition of the buildings and an order of cost to repair those buildings

John Dorrer said the Maine economic forecast came out and Maine is lagging the nation. He asked what kind of adjustments MRRA is making to compensate for this fact. Steve Levesque reiterated that MRRA takes a very conservative approach it its budget and is marketing the property.

John Peters asked if everyone was comfortable with the 10% contribution to the capital improvement reserve given that it doesn't tell the full story (deficit looks worse than it is), noting that any start up business loses money on paper for a while.

John Dorrer asked how MRRA should respond to the newspaper articles stating that MRRA has a \$320,000 deficit. Board members felt that MRRA needs to educate the public. While MRRA has a deficit (like many new businesses), it also has \$130M in equity. Ten percent of the economic development conveyance (EDC) sales are put in the capital improvement fund. The Deputy noted that MRRA has approved purchase and sales agreements to close in the next six months on more than \$7.6 million of property. MRRA does not have a cash flow problem. Steve Levesque noted that after \$7M in EDC sales, the Navy receives 25% of the sales. Steve Weems felt that because MRRA has so many funds, it is extremely complex. He thought it would be useful to simplify the budget so people can see that MRRA has plenty of assets and is not going broke. Our business model needs a broader explanation so people understand the complexity of what this is all about. Jeffrey will prepare a simplified budget for the public.

Action Item: Rita Armstrong made a motion that the MRRA Board adopt the FY 2014 MRRA Budget as recommended by the Finance Committee, which was seconded by Lois Skillings. The vote was unanimous of the Board members present.

Finance Committee Chair Rita Armstrong said that the Committee also reviewed a recommendation from staff to appropriate \$130,189 from the undesignated balance of \$586,604 from the Affordable Midcoast Housing sale to cover property taxes in that amount for the current fiscal year.

Action Item: Rita Armstrong made a motion that the MRRA Board appropriate funds from the Sale of Property to Affordable Midcoast Housing to pay for Property Taxes, as recommended by the Finance Committee, as follows:

Building 38	\$2,197.18
Building 29	\$6,060.66
Hangar 5	\$2,115.13
Hangar 6	\$114,115.21
Building 555	<u>\$5,700.82</u>
	\$130,189.00

The motion was seconded by John Dorrer, and the vote was unanimous of the Board members present.

John Moncure inquired whether the Town of Brunswick had answered MRRA's letter regarding the Kestrel property tax abatement (Hangar 6 property). Executive Director Steve Levesque said they had not.

Rita said the Finance Committee also discussed the process for selecting MRRA's auditor from the bids it received. Dan Daggett will join Rita and MRRA staff and interview three of the accounting firms on June 4.

Lastly, Rita updated that membership in Finance Committee has changed. It is officially now comprised of John Dorrer, Dan Daggett and Rita. Rita invited and encouraged the Board members to attend Finance Committee meetings and read the Committee notes.

Property Committee.

Committee Chair John Moncure said the Property Committee met on April 11, 2013. MRRA's Public Works and Utility Manager, Tom Brubaker, gave a PowerPoint presentation regarding the buildings scheduled for demolition at Brunswick Landing and Topsham Commerce Park, after which the Committee went into executive session. Chair Moncure said that when the Committee reconvened from Executive Session it adopted a resolution to approve ABL Electric, LLC's Term Sheet with the following amendment: Tenant is granted the one time right of first refusal to match or better a bona fide offer to develop the property for professional office use. In the event the

tenant is unable to do so, the tenant will be required to vacate the premises within six months of a sale, or negotiate a lease extension with the purchaser consistent with Town Zoning. The Committee also voted to recommend to the Board conveyances of land to the Maine Army National Guard and a like-kind exchange agreement. Steve Levesque explained these transactions in detail to the Board (see attached map), after which the following motion was made:

Action Item: John Moncure made a motion that the MRRA Board approve the conveyance of 11.6 acres of a 24 acre parcel of land in EDC 18 to the State of Maine for use by the Maine Army National Guard; and further move that the MRRA Board convey 2.15 acres of land it owns containing a 4,000 square foot building in EDC 13 to the State of Maine for use by the Maine Army National Guard in exchange for 2.15 acres of land in EDC 18, which is the subject of the preceding motion, containing the TACAN tower, together with utility and road access easements; and further move that the Board that MRRA to convey the 12.4 acres remaining in EDC 18, upon conveyance from the Navy, to the State of Maine for use by the Maine Army National Guard, all as recommended by the Property Committee, which was seconded by John Peters. The vote was unanimous of the Board members present.

Executive Session: At 5:40 p.m. 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 Steve Weems. The vote was unanimous of the Board members present. At 5:40 p.m. Rita Armstrong made a motion to adjourn from the Executive Session, which was seconded by Steve Weems. The vote was unanimous of the Board members present.

Adjournment: A motion was made by Steve Weems at 6:30 p.m. to adjourn from the Board meeting, which was seconded by John Shattuck. The vote was unanimous of the Board members present.

Lois Skillings, Secretary