



MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY

Minutes of the Fifth Annual Meeting

November 28, 2012

Present: John Moncure (Chair), Donald Hudson (Vice Chair), Rita Armstrong (Treasurer), Steve Weems (Secretary), Daniel Daggett, Sally DelGreco, George Gervais, John Shattuck, Lois Skillings and John Dorr

Excused: Sande Updegraph

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

Location: Hilton Garden Inn Freeport

Time: 3:00 pm

Welcome & Introductions. John Moncure welcomed the Board and attendees, and invited them to introduce themselves.

Host Community Comment. Rich DeGrandpre, Freeport Town Councilor, and Peter Joseph, Freeport Town Manager, welcomed the MRRA Board to Freeport. Peter Joseph advised the Board that the Freeport Economic Development Corporation has a new Executive Director – Keith McBride, and that as a result of the recent elections, new councilors as well.

Rich DeGrandpre said that exciting things are going on in Freeport, including the new Amtrak Downeaster Train. He said Sande Updegraph, the newly appointed Train Center Manager (and MRRA trustee), has advised that there have been 1,500 riders just in Freeport! Mr. DeGrandpre also spoke about business investments in the community over the past year.

Minutes of September 26, 2012 Meeting. Steve Weems made a motion to approve the Board minutes of September 26, 2012, which was seconded by Don Hudson. Chair John Moncure called for comments and hearing none, the

vote was unanimous of the Board members present, except for John Moncure abstained since he did not attend the September 26 meeting.

Executive Director's Report.

Federal Update.

Steve Levesque advised that since the approval of the Public Benefit Conveyance and the signing of the Economic Development Conveyance Purchase and Sale Agreement in 2011, the Navy has conveyed about 1,500 acres of land at Brunswick Landing and 47 acres at the Topsham Commerce Park, totaling approximately 1,554 acres of the 2,100+ acres we are slated to receive.

Since our last closing of 101 acres of non-airport property on the main base and Topsham Annex, MRRA now owns about 720 of the 1,098 acres of the non-airport property and about 935 of the 992 acres of airport land.

The remaining properties at the former NASB and Topsham Annex will be conveyed once appropriate environmental clearances are obtained.

Local Updates.

Brunswick: Steve advised that on November 5, the Town Council gave final approval to the proposed zoning amendments proposed by MRRA to be consistent with the Reuse Plan Amendments made by the Board in previous actions. He advised that MRRA staff is also working with the Town on the approval of a subdivision plan that memorializes the existing and proposed lots on Brunswick Landing, which will be presented to the Planning Board in January.

Topsham: Steve advised that MRRA staff has been working with Town staff to establish a process going forward to realize the rapid redevelopment of the 12.58 acre parcel commonly known as the Military Triangle. MRRA staff has also been working with Town staff to identify qualified developers to redevelop the Topsham Commerce Park in accordance with the Topsham Annex Reuse Master Plan. A request for proposals will be sent out in the next couple of weeks to qualified developers. Steve congratulated the Town for receiving a certification as a business-friendly community by the State of Maine.

Tenant Meeting.

On November 15, MRRA held its quarterly tenants meeting. It was well attended by Brunswick Landing tenants and other owners. Topics included the snow plowing contract, utilities, street lighting, maintenance calls, furniture auction, and speed limits. The primary questions raised were related

to MRRA's efforts to secure a food establishment and fitness facility on campus.

Committee Reports.

Finance Committee.

Finance Committee Chair Rita Armstrong advised that the Committee met twice since the last Board meeting, on November 7 and November 19.

Due to video difficulties, the Five Year Financial Forecast and Capital Improvement Program that was to be presented by MRRA Deputy Director Jeffrey Jordan was postponed until the next scheduled Board meeting (January 16, 2013).

Rita introduced Mike Dunn from MacDonald Page to present the audit findings of the financial statements for the six month period ending June 30, 2012. Mike said MacDonald Page (auditors) was hired to perform a six-month audit due to a year-end change of from a calendar year to a July 1 – June 30 fiscal year. This change was made to enable MRRA to match up federal funding grants and contracts received from Maine DOT with the rest of the budget. The purpose of the audit is to bring an independent third party in to review and issue an opinion to ensure that it is fairly stated. Mike Dunn presented the following:

- Letter to the Board of Trustees. The Letter to the Trustees reviews the scope of the audit, the required testing and reporting under the provisions of Office of Management and Budget (OMB) Circular A-133 and any accounting deficiencies or audit finding(s). The auditors noted that MRRA had in place “significant accounting policies” that were described in note 1 to the financial statements. The auditors found that “the disclosures in the financial statements are neutral, consistent and clear.”

The auditors noted that during this period MRRA had a substantial increase in fixed assets, having received land and buildings through the economic development conveyance in March and June 27. The auditors noted the letter noted that the financial statements were built upon a set of assumptions and estimates on the value of those assets.

- Management Letter. The Management Letter reviews the accounting practices established by policy and how those policies are adhered to through internal controls. MacDonald Page did not identify any deficiencies in internal control that they considered to be material weaknesses.

- Single Audit Act Report. Finally, the Single Audit Report is a consolidated brief financial report prepared for the Federal Government which provides a brief report on the auditor's test of internal control and compliance with governmental accounting standards and an audit of program compliance consistent with OMB A-133 Standards.

The Single Audit Act report includes a letter to the Board of Trustees stating that there were no material weaknesses in the internal controls.

The second test conducted during the audit is for compliance with programmatic requirements. MacDonald Page concluded "in our opinion Midcoast Regional Redevelopment Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the period ending June 30, 2012. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Governmental Auditing Standards."

- Financial Report. The Financial Report presents a statement of revenue, expenditures, assets and liabilities of the organization consistent with GASB 34, a new format of governmental accounting that presents financial information in a format similar to a private business, rather than the historical method of governmental fund accounting, which did not capitalize or depreciate equipment or infrastructure.

MacDonald Page reported the Combined Statement of Revenues and Changes in Net Assets (page 24) includes the Midcoast Regional Redevelopment Authority (all operations – airport, air show, utilities, MRRA Special Revenue Fund, OEA and grant expenses) as well as those component units which had substantive activity; Brunswick Landing MHC USA, LLC and the Midcoast Charitable Foundation of Maine.

Action Item: Rita Armstrong made a motion that the MRRA Board accept the audit by MacDonald Page of Financial Statements for the six month period ending June 30, 2012, as recommended by the Finance Committee, which was seconded by Steve Weems. The vote was unanimous of the Board members present.

Rita then stated that the Finance Committee had reviewed the third quarter financials and all eight operating budgets, grant budgets, the bank reconciliation statement, detailed transaction reports, business expense reports and the financial reports for the subsidiary organizations of MRRA: Brunswick Landing Economic Development Corporation, Brunswick Landing MHC USA, Inc., Brunswick Landing Realty Development Corporation, and Midcoast Charitable Foundation of Maine. The Committee found them all to be in good order.

Action Item: Rita Armstrong made a motion that the MRRRA Board accept the Quarterly Financial Reports for the period ending September 30, 2012, as recommended by the Finance Committee, which was seconded by Dan Daggett. The vote was unanimous of the Board members present.

Rita said the Committee was also asking the Board to consider two budget amendments for approval. The first amendment relates to the MRRRA budget. Rita said there is both an increase in the lease revenue, and also an increase in expenditures. The amendment calls for lease revenue to increase by \$120,157. On the expenditure side, the recommendation of the Committee is to add \$100,000: \$15,000 for subdivision review and other site plan review costs, \$15,000 for street markings and pavement, \$10,000 for rental expenses, and \$60,000 for repairs and maintenance. In addition, it's recommended that an additional \$7,300 be included as a transfer to Brunswick Landing MHC USA, LLC for insurance liability and directors' and officers' insurance, and that same amount be added to the transfer from the sale of property.

Action Item: Rita Armstrong made a motion that the MRRRA Board approve the FY13 MRRRA Budget Amendments, as recommended by the Finance Committee, which was seconded by Steve Weems. Dan Daggett asked if there was income sharing regarding the sale of the housing units to Affordable Mid Coast Housing. Deputy Director Jeffrey Jordan responded that the arrangement with AMH is after the first \$1M sales, MRRRA receives 20% of the purchase price. The vote was unanimous of the Board members present.

Rita then addressed the second budget amendment stating that it is within the Airport budget reducing revenue by \$81,937. She said this was due primarily to a decrease in leases (\$96,936 less in lease revenue and \$24,001 less in Special Services Assessments (heat) and \$39,000 more in fuel flowage and tie down fees)). She said on the expenditure side, salaries, wages and employee benefits will be dropped by \$37,635, and gasoline, oil and maintenance will increase by \$29,000. The Committee is recommending that \$76,274 be transferred from the revenue of the sale of property to Affordable Midcoast Housing, and be set up as a one year loan from the MRRRA budget to the Airport budget.

Action Item: Rita Armstrong made a motion that the MRRRA Board approve the FY13 Airport Budget Amendments, as recommended by the Finance Committee, which was seconded by Don Hudson. The vote was unanimous of the Board members present.

Rita said that Deputy Director Jeffrey Jordan asked the Committee to present a Board resolution to establish a laddered certificate of deposit program from Bath Savings (called CDARS program) for reserve funds held by MRRRA. This would provide that MRRRA's money is collateralized with bank assets and that it

is earning some interest on its money. The Finance Committee voted unanimously to recommend it to the Board.

Action Item: I move that the MRRA Board authorize the Executive Director to sign a Certificate of Deposit Account Registry Service Agreement with Bath Savings, which was seconded by Don Hudson. Dan Daggett asked if any other banks were surveyed, and Deputy Director Jeffrey Jordan said it was put out to bid a while back, and that we have a banking relationship with Bath Savings. With the sale of property and the establishment of the tenants' improvement fund, the Finance Committee thought it prudent to establish an interest bearing account. Dan thought MRRA could get a better yield. Lois Skillings said she is a trustee at Bath Savings and said she would reclude herself from voting. After more discussion, Rita withdrew her motion, and Don Hudson agreed to the withdrawn motion. Rita suggested that the matter be revised at the Board's January 16 Board meeting.

Steve Weems said he's attended several Finance Committee meetings as an observer and said the Committee and staff is doing a wonderful job; John Moncure agreed, stating that it is the hardest working Committee at MRRA. Rita thanked Deputy Director Jeffrey Jordan and auditor Mike Dunn for being so well prepared. She also thanked Jeffrey for his detailed meeting notes and said they are a terrific summary of the Committee meeting.

Executive Committee.

Executive Committee Chair John Moncure noted that the Committee met twice since the September 26 Board meeting – on October 9 and November 6, 2013. John noted that the Executive Director's report previously given covered some of the discussions of the Committee meetings. In addition, John advised the Board of the following matters of the Executive Committee:

- The airport's T-hangar project got approval last night from the Town of Brunswick.
- MRRA staff has been working with the Topsham Town staff to establish a process going forward to realize the rapid redevelopment of the 12.58 acre parcel commonly known as the Military Triangle. To that end, MRRA is developing a request for proposals to be advertised and mailed to developers.
- MRRA officers are typically elected at the annual meeting; however, since the Governor has not announced appointments, the Executive Committee recommends moving/approving the current slate be until such time as the governor makes his nominations and new elections can be held by the Board.

- John also reported that Executive Director Steve Levesque and Board Trustee George Gervais (Commissioner of Maine DECD) recently attended the National Business Aviation Association (NBAA) conference in Orlando. They had a number of positive meetings with prospective businesses, despite the lower than average turnout because of hurricane Sandy.
- The snow removal bids (non-airport property) were received and reviewed by staff. Requests for Proposals were sent to ten contractors, and MRRA received five responses. The bid was awarded to Enterprise Trenchless Technologies, Inc., as it offered the best value to MRRA based on the company's recent relevant experience and their overall proposed unit pricing for equipment, labor and material.
- The Executive Committee recommended a change to MRRA's Prospect Management Protocol to make clear that MRRA is required to sell and lease property at fair market value. This requirement is in accordance with the Economic Development Conveyance Agreement with the U.S. Navy and grant assurances with the Federal Aviation Administration.

Action Item: John Moncure made a motion that the officers of the MRRA Board be re-elected (i.e., Chair John Moncure, Vice Chair Don Hudson, Treasurer Rita Armstrong, and Secretary Steve Weems), until the Governor makes, and the legislature confirms, appointments or reappointments, after which time a nomination committee will be formed and new MRRA officers elected, as recommended by the Executive Committee, which was seconded by Dan Daggett. The vote was unanimous of the Board members present.

Action Item: John Moncure made a motion that the MRRA Board approve the amendment to the Prospect Management Protocol, as recommended by the Executive Committee, which was seconded by Steve Weems. The vote was unanimous of the Board members present.

Airport Committee.

Airport Committee Chair John Moncure advised that the Committee met on November 9. Aviation Services Manager Marty McMahon and Airport Operations Coordinator Suzanne Krauss presented the Committee with a matrix of the Great State of Maine Air Show Charitable Grant requests. (The air show received a total of 24 grant requests from local nonprofit organizations) and ten were chosen (all ten grants totaled \$10,000). Many of the representatives from the various nonprofits were on hand to receive presentation checks.

Don Hudson made a motion that the following local non-profit organizations receive grants from the 2012 Great State of Maine Air Show revenues, as recommended by the Airport Committee:

- o - Pine Tree Camp \$1,900
- o - Brunswick Coastal Rotary \$1,700
- o - Brunswick Jr High School Wellness Program \$1,300
- o - Big Brothers/Big Sisters \$1,000
- o - Riding to the Top, Therapeutic Riding Center \$700
- o - Coastal Humane Society \$500
- o - Santa Claus Fund \$500
- o - Junior Achievement of Maine \$500
- o - Life Source Ministries \$500
- o - Sgt Joel A House Summer Camp Fund \$500
- o - Maine Adaptive Sports and Recreation \$500
- o - Lisbon Area Christian Outreach \$400

The motion was seconded by Steve Weems. The vote was unanimous of the Board members present.

Community Relations Committee.

Community Relations Committee Chair Steve Weems said that this new Committee reflects the fact that redeveloping the base is a big job. The MRRA is obligated to work cooperatively with its host communities, other communities, the counties in the midcoast region, and the State of Maine. To uphold this obligation, the Community Relations Committee has been formed to maintain contact and facilitate communications between the host communities and MRRA, especially among elected officials and concerned citizens. He stated that while everyone shares the same goal, which is consistent with the vision of MRRA, issues do come up about how it gets done, stating that some recent newspaper articles evidence this fact.

Steve Weems said that the Committee membership initially consisted of five Board members from Brunswick; however, Sally DelGreco graciously agreed to step aside to allow John Shattuck to be on the Committee, representing Topsham. The first meeting was held at Memorial Curtis Library. The main initiative from that meeting was the creation of an advisory group, the framework of that advisory group, and its mission. Steve Weems said he is hopeful that the community comes forward with matters of mutual interest for discussion.

The group's purpose is to establish a working forum for regular briefings on redevelopment issues and activities and obtain input on these subjects from

community leaders. Its mission is to enhance mutual understanding and congruence of MRRA and community activities to facilitate timely and effective redevelopment of the base, consistent with the vision of the Reuse Master Plans.

Action Item: Steve Weems made a motion that the Board invite the Towns of Brunswick and Topsham to appoint members to the NASB Redevelopment Community Advisory Group, as recommended by the Community Relations Committee, to be comprised of the following: Two Brunswick Town Councilors, two Topsham Selectmen, two MRRA Trustees, Brunswick Town Manager, Topsham Town Manager, MRRA Executive Director, and the Commissioner of the Maine Department of Economic and Community Development, which was seconded by Rita Armstrong. The vote was unanimous of the Board members present.

Property Committee.

Committee Chair John Moncure stated that the Property Committee met on October 25, 2012 and immediately went into Executive Session at 4:01p.m. The meeting was adjourned at 5:02 p.m.

Other Business.

Public Comment.

Carol Warren, member of Restoration Advisory Board (RAB), talked about the RAB's involvement in contamination issues at the former Naval Air Station Brunswick. She indicated that properties cannot be transferred until they are found environmentally suitable. She announced that RAB is having meeting Thursday, December 13 at 7:00 pm at Brunswick Town Council Chambers and invited anyone interested to attend. She said that the Agenda is a report on all work done in 2012 and priorities in 2013.

Bryant Monroe from the Program Management Office of the Department of Defenses' Office of Economic Adjustment (OEA) spoke. He said the OEA had been in existence since 1961 helping communities with the base realignment and closure (BRAC) process, and has been funding MRRA since 2005. He said that taxpayer dollars had been money well spent in the planning and implementation phases of NASB's Master Reuse Plan, noting that of the 25 major closures in 2005, Brunswick's base closure is viewed as being the most impacted. Bryant stated that this round of base closures is particularly tough for a lot of reasons; namely, it is taking everyone a lot longer, across the board to the point of self-sustaining. For Brunswick to have gone from ground zero starting with a clean slate of empty buildings and to having 22 tenants at the base is a great achievement — there is no one close to them in that 2005 BRAC

portfolio. Bryant said that OEA will support MRRA for the long run, and commended the MRRA Board and staff for their hard work.

Executive Session: At 4:20 p.m. Don Hudson made a motion to go into executive session to discuss property matters pursuant to 1 MRSA Section 405(6)(C), which was seconded by Rita Armstrong. The vote was unanimous of the Board members present. At 5:30 p.m. Don Hudson 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 Don Hudson at 6:05 p.m. to adjourn from the Board meeting, which was seconded by John Shattuck. The vote was unanimous of the Board members present.

Steve Weems, Secretary

| ATTENDEES OF NOVEMBER 28, 2012 MRRA MEETING | |
|--|---------------------------------------|
| Name | Company/Organization/Residency |
| Denise Clavette | Town of Brunswick |
| Michelle Tompson | Pine Tree Society |
| Debora King | Brunswick Downtown Association |
| Mike Dunn | MacDonald Page |
| Don Russell | Topsham Selectman |
| Rich DeGrandpre | Freeport Town Councilor |
| Suzy Sheppard | Hoyle, Tanner & Associates, Inc. |
| Lindsay MacDonald | BBBS of Bath/Brunswick |
| John Briley | Brunswick Naval Museum |
| Guy Ordway | Burns & McDonnell |
| Mike Ouellet | Ouellet Associates, Inc. |
| Kim Benjamin | Junior Achievement of Midcoast Maine |
| Eric Nevers | FlightLevel Aviation |
| Carron Warren | BACSE |
| Bill Whitten | Cumberland County |
| Greg Hyde | Cross Insurance |
| Jane Siviski | Coastal Humane Society |
| Norton True | Hoyle Tanner & Associates |
| Joan Iuzzolino | Brunswick Jr. H.S. |
| Maria Newcomb | Brunswick Jr. H.S. |
| Susan Cole | Riding to the Top |
| James McCarthy | MaineBiz |
| Stan Gerzofsky | Senator |
| Jim Howard | Harpswell Partners |
| Richard Newman | Harpswell Partners |
| Dave Desjardin | Santa Claus Foundation |
| Ivan Aumick | Santa Claus Foundation |
| Joseph Phillips | Brunswick Naval Museum |
| John Kayser | Burns & McDonnell |
| Andrea Keeler | Burns & McDonnell |
| Bill Allard | Burns & McDonnell |
| Antionette Mancusi | CCWI |
| Jade Arn | CCWI |
| Janine Champan | Junior Achievement of Maie |
| Bryant Monroe | Department of Defense |
| Richard Grich | Richcar Engineering |
| Catherine Ferdinand | Bowdoin College |
| Michael Braun | Navy |
| Gary Higginbottom | Hydrogen Energy Center |

| | |
|--|--|
| ATTENDEES OF NOVEMBER 28, 2012 MRRA MEETING | |
|--|--|

| | |
|---------------|------------------------------|
| John Gerard | Gerard Commercial Properties |
| Anna Breinich | Town of Brunswick |