



MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY

Meeting Minutes

July 26, 2011

Present: Arthur F. Mayo, III (Chair), Dana Totman (Vice Chair), John Moncure (Secretary), Rita Armstrong (Treasurer), Adam Cote, Sally DelGreco, George Gervais, Donald Hudson, and Sandra T. Updegraph

Absent: Steve Weems

Staff: Steven Levesque, Jeffrey Jordan, Marty McMahon, Dave Markovchick, and Kathy Paradis

Location: City of Bath Council Chambers, Bath City Hall

Time: 4:00 pm

Welcome & Introductions. Chair Art Mayo welcomed the Board and attendees and invited them to introduce themselves.

Host Community Comment: City Manager Bill Giroux welcomed the Board to Bath, and stated that he appreciates the way the MRRA Board holds its Board meetings in the communities affected by the closure of Naval Air Station Brunswick. He updated the Board on developments in Bath, noting that the downtown is booming, BIW shipyard is hopeful for new contracts; and all lots are built out in Phase II of the Wing Farm project, and they are getting serious inquiries. Bill said he was appreciative of the MRRA Board and staff and is excited by everything going on at Brunswick Landing. He said his sense is that people are surprised and happy at the successes that MRRA has already accomplished.

Minutes of June 15, 2011: John Moncure made a motion to approve the Board minutes of June 15, 2011, which was seconded by Adam Cote. The vote was unanimous of the Board members present.

Executive Director's Report.

Federal Update.

- Property Conveyances and Lease/License Requests.

Executive Director Steve Levesque advised the Board that the next major transfers to MRRA will include those remaining areas within the airport PBC, and other NASB and Topsham Annex properties covered by the economic development conveyance (EDC) application. We have been in negotiations with the Navy regarding the EDC terms and are very close to a deal.

Steve also advised that additional PBCs are scheduled for the Town of Brunswick (1,200+/- acres and two buildings), Bowdoin College (175+/- acres), SMCC (14 acres and six buildings), Family Focus (two buildings) and SAD 75 (12 acres). MRRA has been informed that the Navy has assigned the 66 acre East Brunswick Transmitter site to the Department of Interior for conveyance to the Town of Brunswick and that a portion of the SMCC parcel, including two buildings, has been deeded to SMCC.

Steve said that the Navy has been extremely accommodating with MRRA's redevelopment timeframes through the issuance of interim leases and property licenses before the property is conveyed by deeds, and moving ahead with the airport and SMCC's PBCs. The net result is that MRRA will have business and education activities occurring on the base prior to full base closure, which is extremely unusual in the BRAC world. This has enabled MRRA to commit to long-term leases with Maine Tool & Machine (Bldg. 553), Kestrel Aircraft Company and FlightLevel Aviation (Hangar 6), New England Tent & Awning (Bldg. 81), Resilient Communications (Bldgs. 554 and 87), American Bureau of Shipping (Bldg. 54), Lee Auto (Bldg. 29), a new fuel farm for FlightLevel Aviation, a month to month lease with Savi Systems, and two licenses (Maine Fiber and Oxford Networks) for new cabling to accommodate Resilient's and SMCC's broadband needs.

- Economic Development Administration (EDA) Grant

As previously reported in June's Board meeting, Steve said that staff has received a non-binding commitment letter from the Economic Development Administration (EDA) stating that MRRA has been allocated \$1.7 million to support building improvements and project costs in support of economic development activities at Brunswick Landing. Staff is working with EDA to finalize the grant documents this week.

- FAA/Military Airports Program

Steve said he was happy to report that MRRA staff has received confirmation that Brunswick Executive Airport has been selected by the FAA to participate in the Military Airports' five-year funding program. Brunswick Executive Airport was the only general aviation airport in the country to be selected. This selection will provide the airport with critical funds (as much as \$7M a year) to support capital improvements at the airport.

Steve praised the significant work of Marty McMahon and Hoyle Tanner Associates in pulling together the required application materials, and the support of Maine DOT and the New England Region of the FAA.

State Update

- LD 946: Steve said he was pleased to report that LD 946 (the Aircraft Sales and Use Tax bill submitted by Senator Gerzofsky and Senate President Raye) was approved as part of the recent budget, which deals with exempting the sales and use tax on new aircraft through 2015 brought into Maine by non-residents, and aircraft parts and components. The passage of this bill removes the black mark cast on Maine by the aviation community and paves the way for the creation of a significant number of aviation jobs. Steve thanked Senator Gerzofsky and Department of Economic and Community Development Commissioner Gervais for their hard work in getting passage of the bill.
- Kristine Schuman: Steve welcomed Kristine Schuman to the Board meeting. Kristine is an account executive from the Governor's office and the Governor's liaison with MRRA to support business development.

ADC Update

Steve updated the Board on the recent Association of Defense Communities (ADC) conference in Norfolk, Virginia, stating that the redevelopment of Naval Air Station Brunswick by the MRRA Board is further ahead than that of most BRAC'd bases in the country.

John Moncure congratulated Steve on receiving the ADC's Base Redevelopment Leadership Award, and congratulatory remarks were echoed by many Board members. Steve thanked the Board, but was quick to state that receiving such an award is a team effort, and he thanked the Board and MRRA staff.

Lease/Jobs Review

Executive Director Steve Levesque advised the Board that out of 624 projected jobs, a total of 90 jobs had been created to date.

Committee Reports.

Executive Committee.

Committee Chair Art Mayo said that the Committee met on May 27, June 14, and July 5, 2011. He advised that in addition to what had already been covered in the Executive Director's report, MRRRA staff is working with the towns of Brunswick and Topsham and George Schott on housing disposition issues. Executive Director Steve Levesque also noted that a Request for Proposals will be drafted to receive proposals from developers to develop the annex at Topsham (Topsham Commerce Park).

Steve updated the Board regarding security at Brunswick Landing, referring to the May 27 Executive Committee meeting. At that meeting, the Committee members voted to enter into a three month contract with Securitas for 12 hours/7 days per week gatehouse coverage from 6pm to 6am, with an option to extend and/or expand the hours of coverage. The security was needed because as of the Navy's dis-establishment (May 31), the former Navy base would be without security. The Brunswick Police Department will periodically patrol the base during the day. Steve also advised that the back gate will remain close until further notice.

Airport Committee.

Aviation Services Manager Marty McMahon advised the Board that the Brunswick Executive Airport will have an instrument landing system airport effective July 28. Additionally, the Instrument Landing System (ILS) approaches will be published in December, which should further increase airport traffic.

Regarding the August 26-28 Great State of Maine Air Show & Business Aviation Expo, Marty stated that most of the air show performers will arrive August 24, the media day for the Blue Angels will be on August 25, and fireworks will be on August 26. He said he had a great meeting with the concessionaire last week, the air show lineup is complete, ticket sales are picking up both on-line and at Bill Dodge showrooms, there will be a media blitz four weeks prior to the air show, the radio sponsor is doing ticket giveaways twice a week, and everything is going along well.

Finance Committee.

Committee Chair Rita Armstrong said that the Committee met on July 12 and reviewed the June 30 financial statements (2nd quarter), which she will be asking the Board to accept. Rita said the Committee is very impressed with the level of detail that MRRA Deputy Director Jeffrey Jordan supplies to them in reviewing the journal entries. Rita wanted to make the Board aware that the Committee looks closely at journal entries.

Rita noted a milestone: The closing out of the OEA/CDBG 2007-2009 budget and the OEA/CDBG 2010 budget. However, are two new line items now appearing in the budget: FY 2012 OEA budget of \$1,473,423 and the Homeless Assistance Budget of \$686,605.

Board member Don Hudson said it is encouraging to see new lines in the budget for sources of income, instead of just income from grants.

Action Item: Rita Armstrong made a motion that the MRRA Board accept the MRRA financial quarterly report ending June 30, 2011, as recommended by the Finance Committee, which was seconded by Don Hudson. The vote was unanimous of the Board members present.

Rita then reviewed some amendments to the OEA FY2012 budget, consisting mostly of small administrative adjustments, as well as tracking in-kind contribution of Economic Development Manager's position through the OEA budget, and increasing the Town of Brunswick's assessing budget.

Action Item: Rita Armstrong made a motion that the MRRA Board approve the OEA FY2012 Budget Amendment, as recommended by the Finance Committee, which was seconded by Don Hudson. The vote was unanimous of the Board members present.

Brunswick Landing MHC USA, LLC (Mölnlycke) – New Markets Tax Credit Discussion. Steve Levesque invited MRRA attorney John Kaminski to the meeting to continue the discussion of the June Board meeting regarding the Mölnlycke transaction and MRRA's ability to be an allocatee for New Markets Tax Credits (NMTC) program. Steve said MRRA just submitted a NMTC application, and thanked MRRA's Economic Development Manager, Dave Markovchick, for investing a significant amount of hours in preparing MRRA NMTC the application to receive a competitive allocation. Steve introduced John Kaminski to explain the NMTC process and give a short presentation.

John Kaminski explained the purpose and design of the NMTC program. John indicated the NMTC program is a federal program designed to foster improvements in the rural census tract of the economically disadvantaged. The program is intended to foster private sector investment in income-eligible neighborhoods. To make MRRA's application viable, the MRRA Board had to

created bridges by establishing several MRRA related or controlled entities in order to serve as the required bridges for private sector investments to work under the Tax Code. Once established, these entities will become the necessary vehicles to channel NMTC equity investment into the Mölnlycke transaction currently moving to closing. To recap:

The Brunswick Landing Economic Development Company, LLC (BLEDC) filed an application to become an NMTC allocatee. BLEDC has to be classified as a partnership, so it has to be owned by at least two entities; hence, MRRA will own 99% and Brunswick Landing Realty Development Corp. will own 1%. An Operating Agreement governs the operations of the BLEDC (it is a manager-managed limited liability company).

John Kaminski said that MRRA is building a facility to suit Mölnlycke at Brunswick Landing in exchange for a lease back of the 79,000 square foot facility, which will be financed in part with NMTC and constructed by BLEDC. At this meeting, MRRA is establishing an additional limited liability company called Brunswick Landing MHC USA LLC, which will be owned 99% by MRRA and 1% by BLEDC in order to have both real estate and investment vehicle structures in place to satisfy the requirement of the NMTC Program.

John Kaminski noted that the Wells Fargo Bank may ask to adjust the partnership percentages as the transaction evolves. He also noted that the new law governing corporate filings with the Secretary of State won't affect the Operating Agreement that was previously signed.

Dana Totman asked if the structure will allow MRRA or one of the related entities to qualify for the State's new NMTC Program. John informed the Board that the new statute permits entities that receive federal NMTC allocations to also obtain allocations under the State's NMTC Program on a first-come first-serve basis. The BLEDC will be the entity eligible to apply for a State allocation if it receives a federal allocation. John also indicated that FAME will be administering the State NMTC Program.

Action Item: Dana Totman made a motion that four MRRA Trustees, namely MRRA's Chair, Vice Chair, Treasurer and Secretary be appointed as managers to the Brunswick Landing MHC USA, LLC, which was seconded by Adam Cote. The vote was unanimous of the Board members present.

Action Item: Dana Totman made a motion that the MRRA Board of Trustees authorize the MRRA Board Chair to sign the Brunswick Landing MHC USA, LLC Operating Agreement on behalf of MRRA as majority member of the Brunswick Landing MHC USA, LLC. A copy of the Operating Agreement shall be attached to the official minutes of this meeting. The motion was seconded by Adam Cote. The vote was unanimous of the Board members present.

Southern Maine Community College (SMCC) Presentation. Executive Director Steve Levesque introduced SMCC's Facilities Director, Jim Whitten, who advised the Board that a ceremony had been held earlier in the day announcing the U.S. Department of Education's conveyance of the first two buildings (buildings #151 and #512) in SMCC's public benefit conveyance. Signage and banners are on building #151 and classes will start in September in building #512. Mr. Whitten gave an overview about the SMCC's Maine Advance Technology & Engineering Center (MATEC) program and its relationship with the University of Maine and businesses such as Bath Iron Works. SMCC's entire midcoast campus is slated to open in the fall of 2012, with an expected 3,000 students by 2016. Mr. Whitten thanked the Board for its efforts in helping SMCC move forward with its vision, and especially thanked Senator Stan Gerzofsky for his hard work.

Steve Levesque commented on how enheartening it is that the SMCC vision has come to fruition. The college is a key component to the Brunswick Landing workforce and workforce-related programs. Steve noted that SMCC is already working with Brunswick Landing tenants Kestrel Aircraft and Resilient Communications.

Vice-Chair Dana Totman echoed what Steve said, noting that having an education component at Brunswick Landing is a big advantage and a critical and integral component of the reuse master plan.

Other Business: None

Public Comment: None.

Executive Session: At 4:40 p.m. John Moncure moved to go into executive session to discuss property matters pursuant to 1 MRSA Section 405(6)(C), which was seconded by Dana Totman. The vote was unanimous of the Board members present. At 5:15 p.m. John Moncure made a motion to adjourn and reconvene the MRRA Board meeting, which was seconded by Art Mayo. The vote was unanimous of the Board members present.

Adjournment: A motion was made by John Moncure to adjourn from the Board meeting, which was seconded by Art Mayo. The vote was unanimous of the Board members present.

John Moncure, Secretary