



MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY

Meeting Minutes MRRA Board Meeting

June 29, 2016

Present: John Peters (Chair), Rita Armstrong (Vice Chair), John Moncure, Steve Weems (Treasurer), Lois Skillings (Secretary), Carl Flora (via conference call), John Kilbourne, George Gervais and Sharon Eggleston

Excused: John Bouchard

Staff: Steven Levesque, Jeffrey Jordan, and Kathy Paradis

Location: Brunswick Town Hall

Time: 4:00 p.m.

Welcome & Introductions. Board Chair John Peters welcomed new MRRA trustee Sharon Eggleston, and welcomed the other Board trustees and attendees. Chair Peters then invited all attendees at the meeting to introduce themselves.

Host Community Comment: Linda Smith welcomed the Board to Brunswick. She acknowledged all the redevelopment going on at Brunswick Landing, including the addition of Wayfair, the Avita Memory Care facility that will open this fall, and Washburn & Doughty's expansion to BL for steel cutting. She also noted that the first amendment to the TIF is being submitted to Maine's Department of Economic and Community Development (DECD) and she hopes to hear from them soon.

She updated the Board on the other Brunswick matters:

- Brunswick Downtown currently has 100% occupancy of first floor retail.
- One of the new businesses, FIORE Artisan Oils and Vinegars, recently had a grand opening.

- The new management partner for the Cooks Corner mall, Summit Realty, has been very positive in reaching out the MRRA and the Town about their vision, and also neighboring Merry Meeting Plaza signed a lease with Bed, Bath & Beyond and they have a couple of other prospects.
- The former 186,300 SF Arrow-Hart facilities have been purchased by U-Haul Company of Maine who has opened a new store there and moved its headquarters there too.
- The Town's budget passed at 3.5% increase.
- The draft zoning ordinance is in front of planning board for approval before going to the Town Council (she provided copies of the executive summary for the MRRA Board).
- The revaluation process is moving forward.

MRRA Chair John Peters said how much he appreciated the Town Council's and Town's staff perseverance, as well as the DECD's, for getting the TIF matters resolved.

Minutes of March 23 and April 27, 2016. John Moncure made a motion to accept the minutes of the March 23, 2016 Board meeting, which was seconded by Rita Armstrong. The vote was unanimous of the Board members present, with the following exceptions: John Peters, George Gervais and Sharon Eggleston abstained because they did not attend. Next, John Moncure made a motion to accept the minutes of the April 27, 2016 Board meeting, which was seconded by Rita Armstrong. The vote was unanimous of the Board members present, with the following exception: George Gervais abstained because he did not attend.

Business Showcase. Heather Blease, CEO of SaviLinx, a Brunswick Landing contact center company, thanked MRRA for supporting SaviLinx. She said SaviLinx is a startup company – it was just a thought in late 2012. She weighed the risks versus the rewards knowing it takes capital and support. She talked with MRRA's Executive Director, Steve Levesque, about a woman-owned business targeting federal and state contracts. Steve advised her that if she located at Brunswick Landing she may be able to become HUBZone certified, eligible for MRRA and MRDA loan programs, and there were plenty of facilities available. It was this support of the capital that was made available that was meaningful enough to cause her to start the business. Heather said she started SaviLinx with 15 people in June 2013 and continued to build the biz with smaller commercial clients in 2013. It was difficult to break into the federal market to provide contact center services because a past-performance requirement; however, in 2014 they were finally able to land their first government contract with General Dynamics for contact center services in Mississippi. Once that was accomplished, they could get contracts in Brunswick. Heather anticipates having 300 employees in Brunswick by end of

July. The hiring process is going well. Starting pay is \$16.50 an hour. Heather was pleased to report that SaviLinx has been profitable since October of last year and SaviLinx is on a solid growth track. She said she appreciates all of MRRA's support and patience.

Several of MRRA's board members congratulated Heather and asked about SaviLinx's labor force. Heather said most employees come from social media, or referrals. They have great candidate pool of all ages. Most entry level positions require a high school education and beyond that requirement, there is fairly rigorous testing to ensure good communication, written, and computer skills. Testing is done prior to the interviews and they also perform background checks before hiring a candidate.

Featured MRRA Employee: Kathy Paradis, Executive Administrative Assistant and Lease Coordinator, gave an overview of her job duties at MRRA for the Board.

Committee Reports

Finance Committee. Finance Committee Chair Steve Weems said that the Committee and MRRA staff has been hard at work since the last Board meeting. They have had three committee meetings on April 27, May 18 and June 15. He said MRRA staff accomplished a stupendous amount of work reviewing monthly reports and analyses, the FY17 budget, the six-year Capital Improvement Plan (CIP), and the five-year financial forecast. In the current fiscal year, there is a huge amount of work being done at Brunswick Landing and the airport, which is trending well – we're in good shape. The operating budget for F17 is based on current revenue sources plus a 20% draw from the annutization fund (there is a policy in effect to draw no more than 20% from MRRA's annutization fund in any given year).

Steve Weems said the six-year CIP is a \$15M package total over six years, \$10M of which is for the Brunswick Executive Airport and is based on all available funds from grant sources or others except for the first year some one-time sources will be used to balance out the FY17 CIP.

Steve Weems explained that the five-year financial forecast is not a budget, but is a planning tool. It's a valuable planning tool because it gives us a view in the longer term and moves us toward self-sufficiency.

Steve Weems turned the rest of the Finance Committee's update over to Jeffrey Jordan, MRRA's Chief Financial Officer. Jeffrey said he wanted to recognize the work and time of the Finance Committee has dedicated, having had three long meetings preparing the budget and other documents. He thanked Steve Weems, Rita Armstrong, John Peters, and George Gervais for getting right in

the weeds by reviewing the finance documents line by line and then discussing transfers between the various operations.

Budget. Jeffrey said that he prepared a Consolidated Budget Across All MRRA Entities document for ease of presentation into a single document. Jeffrey noted across all entities for FY17 revenue is \$5.7M. Jeffrey noted a reduction in funding from the Department of Defense/Office of Economic Adjustments by \$260,000 (we are on a step down in funding from the federal government), an increase in lease revenue by \$216,000 mainly because of growth in TechPlace and new leases in airport property (Hangar 5 and Building 86), and also landing fees at the airport. This year revenue for annuitization fund will be \$820,000 (less than half of last year). Jeffrey explained that the annuitization fund is funded when we sell a piece of property by setting aside a percentage (essentially, a trust fund) and we draw on it.

Jeffrey noted that MRRA has two fewer employees next year; and a 2% cost of living allowance increase next year. MRRA also increased the seasonal temporary ground keeper positions by \$2.00 an hour. He noted that we had a difficult time last year attracting and retaining employees so the hourly rate will be \$12.00

Employee Benefits. MRRA cafeteria plan, which is a fixed dollar amount given to employees for benefits was increased by \$1,000. Employees can pick what they want; however, employees with families have to contribute.

Supplies. Heating costs decreased because we have fewer buildings as the result of recent sales and because of reductions of natural gas, as well as improved heating systems in the hangars.

Professional Services. The business attraction budget has been trimmed back because of fewer buildings. Currently, MRRA is focusing on more aviation companies.

Engineering. This has been trimmed because of inflow and infiltration water study performed last year that cost \$80,000.

Property services. The building repair budget has been trimmed. We've crested over some of the larger repairs at Brunswick Landing., noting that with the bond issue from the State of Maine, we've made significant investment in infrastructure.

MRRA Chair John Peters said the amount of work in preparing the budget that Jeffrey Jordan did was incredible and thanked him.

MRRA Trustee Lois Skillings asked about FlightLevel Aviation's (FLA) (MRRA's fixed base operator) fuel operations. Jeffrey said that on April 1, we amended

our lease with FLA. Initially, FLA couldn't pay rent because not enough aircraft landed, so we had revenue sharing agreement on tie down fees and hangar fees and also sharing revenue for fuel sales. When FLA reached a certain level we entered into a lease revenue agreement. So while fuel sales revenue to MRRA is down, lease revenue is up and we still get a smaller portion of fuel sales.

Action Item. Steve Weems made a motion that the MRRA Board of Trustees adopt the FY 2017 proposed budget, as recommended by the Finance Committee, which was seconded by Lois Skillings. The vote was unanimous of the Board members present.

Steve Weems and several board members thanked Jeffrey Jordan for his hard work in preparing the budget, noting that the budget process starts right after Christmas with projections. It was noted that the adopted budget would be placed on MRRA's website, along MRRA's audited financial statements.

Capital Improvement Plan.

The Draft Six Year Capital Improvement Plan proposes \$15,494,800 be invested in capital assets at Brunswick Landing. Sources of revenues to fund the program come from Federal Grants at \$10,993,900, State Grants at \$513,500, Tax Increment Funds from the Town of Brunswick of \$2,061,100 and own source revenues of \$1,926,300.

Jeffrey advised the Board what projects would be undertaken and for what amounts, and noted that the CIP will be posted on MRRA's website.

John Peters noted that the Sewer District has received a formal request to take over the system. We have been making upgrades and are hopeful that they will respond positively and expediently. The Finance Committee recommends approving the first year of the CIP.

Action Item: Steve Weems made motion that the MRRA Board of Trustees adopt the FY 2017 proposed Capital Improvement Program, as recommended by the Finance Committee, which was seconded by Rita Armstrong. The vote was unanimous of the Board members present.

Five Year Financial Forecast.

Jeffrey then gave an overview of MRRA's financial forecast, noting that this is not a five-year budget -- it's a planning tool. If there are major changes in the number of tenants, funding levels for capital needs. or in the TIFs, this forecast helps us to understand the impacts. Jeffrey described the assumptions used to development the financial forecast. This document will also be placed on our website.

Jeffrey advised that the financial forecast is a working document and no Board action is necessary.

In response to a question raised by MRRA Trustee John Kilbourne as to whether the Navy is maintaining the buildings not transferred yet to MRRA, Steve Levesque told him that the answer is minimally.

Steve Weems said that Brunswick Landing Realty Development Corporation (BLRDC) had been awarded a Co-working Development Fund Grant (\$25,000) in TechPlace from the DECD for the renovation of some second floor offices at TechPlace.

Action Item: Steve Weems made a motion that the MRRA Board of Trustees accept the Maine Co-Working Development Fund Grant, which was seconded by Lois Skillings. The vote was unanimous of the Board members present.

Steve Weems reported that the work on Hangar 4 came in over the grant award by \$410,000. A contract was awarded to Ganneston Construction to complete this work. The Executive Committee is recommending an appropriation of \$410,000 from the Annuity Reserve to fund this critical project.

Action Item: Steve Weems made a motion that the MRRA Board of Trustees appropriate \$410,000 from the Annuity Reserve Fund for Renovations to Hangar 4. The vote was unanimous of the Board members present.

Homeless and Assistance Agreement Amendment.

Deputy Director Jeffrey Jordan gave some background on the Homeless and Assistance Agreement with Tedford Housing. He said that after MRRA came up with a program to fund the unmet needs of the homeless, we came up with a commitment: for each acre of property sold in our redevelopment, MRRA would pay Tedford \$560, which ends this year. We are asking the Board to extend the legally binding agreement for five years or until such time as they have received all funds from the trust. To date, 983 of the 1200 acres have been transferred. Many of the remaining properties will take time to be transferred.

Jeffrey introduced Craig Phillips, Executive Director of Tedford Housing. He said he's met with Jeffrey every year starting in 2012, and now they are entering their fourth year of the five-year agreement. The approximate \$400,000 received from the Agreement allows Tedford to provide services for the homeless. It has been used for students who are homeless and victims domestic abuse, helped pay for personnel costs for homeless prevention case manager, and to help people stay in their homes. Last year Tedford assisted 388 household and over 500 household members; and 51 students (he noted that the homeless youth is growing at a younger age). Their two shelters are full with many families that are not able to serve. The money from their

agreement with MRRA allows them to put some families up in hotels until shelter can be found.

Action Item: Steve Weems made a motion that the MRRA Board of Trustees approve the Amendment to the Homeless and Assistance Agreement with Tedford Housing, a copy of which shall be attached to the official Minutes of this meeting, which was seconded by Lois Skillings. The vote was unanimous of the Board members present.

Executive Committee.

John Peters said that the Committee met three times since the last Board meeting – on April 5, May 3 and June 7. The Committee’s notes should be corrected to reflect that Lois Skillings attended the May 3 and June 7 Board meetings. John said that much of what was discussed in the Executive Committee meetings will be reported later in today’s meeting in the Executive Director’s report; however, John Peters did highlight the following Board actions:

- At the April 5 meeting, MRRA approved a contract with Crooker Construction for the demolition of the former Navy fire station and the paving of the parking lot for the Wayfair property, and a working capital loan from MRRA was made to MVP Aero.
- At the May 3 meeting, MRRA awarded the airfield pavement maintenance bid to Ann Seal – the apparent low bidder, coming in under 15% of the engineering estimate.
- At the June 7 meeting, the Committee approved the sale of the Hobby Shop to Priority Group, the sale of the Sea Cadet and Thrift Shop buildings to Affordable Mid Coast Housing, and the sale of Lot 17 to Tom Wright. Also, regarding the Hangar 4 project bid for interior improvements, the Committee also authorized the Executive Director to allocate funds in the amount of up to \$403,812 to cover the shortfall in available EDA grant funds and that MRRA seek authorization from EDA to award the contract to Ganneston Construction.

Redevelopment Committee. The Redevelopment Committee Chair, John Moncure, said that the Committee met once since the last Board meeting – on April 19. At the meeting, Steve Levesque gave an airport update, including the completion of the Snow Removal Equipment (SRE) building, and the Hangar 4 and 5 Phase 1 renovation completion, as well as the following projects:

- Restore Glycol Capture System project started April 12th. This project will renovate and restore the system to capture the glycol used in aircraft deicing, preventing the fluid from being discharged to the environment. The Navy didn’t shut it down properly and some of the control modules were fried.

- Runway 1R/19L Centerline Light Removal. This project begins on April 25th and is scheduled to take 6 weeks. The runway centerline lights will be removed and the runway markings will be repainted. We will use Runway 1L/19R during the project.
- Hangar 6 door renovations to fix mullions system due to a design flaw in the arrester system. We had one fall last year and put in an insurance claim, which will pay for about 95% of the work. Project will begin in May.
- The FY2016 Military Airport Program (MAP) Application is currently under review by the FAA.

John Moncure said that Public Works, Utilities and Clean Technology Manager Tom Brubaker debriefed the committee on recent utility and infrastructure projects and the environmental situation being monitored by the Navy, including:

- Village Green Ventures – Anaerobic Digester -- The interconnection and installation of the required reverse power protection equipment has been completed.
- Steve Levesque and Tom Brubaker met with the Brunswick Sewer District on April 4th to continue discussion of transfer of the sanitary sewer system to the District.
- Demolition of Building 252 started on March 28 and is nearly complete. Construction of a parking lot to support Wayfair will begin immediately after demo project is finished. Demolition of Building 32 started on April 8 and is complete. Demolition of Building 292 (Fire station) began on April 12.
- Preparation of bid documents for renovations to Hangar 4 shop spaces is underway. Current schedule: June 10 awarded contract, and complete construction by September 30.
- The Navy will be testing private wells on east side of Brunswick Landing (Gurnet, Coombs, and Purinton Roads) and off Jordan Avenue for Perfluorinated Chemicals (PFCs) during the spring of 2016. The work plan was finalized on March 17 after input from the regulators and BACSE.

John Moncure said the Committee reviewed MRRA's trade shows and events:

- EBACE May 24-26, Switzerland
- Farnborough July 11-16, UK
- Osh Kosh July 25-31, Wisc.
- CAMX Sept. 25-29, Anaheim (booth with CERL/MCA)
- NBAA Nov 3-5 Orlando, FL (MABA booth)
- Momentum Convention, Augusta Nov. 9
- International Fly-In (Aug. 6), Maine
- Maine International Trade Day.

Steve Levesque updated the committee on the TechPlace incubator/accelerator project at former building 250:

- TechPlace now has about 30 businesses, all of whom are in our target sectors and are helping generate \$200,000 per year in revenue.
- We're running out of office space, but we still have manufacturing space available.
- TechPlace continues to hold "Lunch and Learn" seminars every other Thursday, covering topics such as capital, investing, human resources, IRS, exporting and other business subjects.
- We're currently putting together the design for the Hangar 4 East project to convert the space into 2,500 SF industrial spaces.
- MVP Aero just signed a 5-year extension and plans to take one of the new Hangar 4 East spaces. We envision this area to be an epicenter for small aircraft development with equipment and machinery, layup space for fuselages and wings, and molding of parts.
- Both BioWorks (shared lab space) and TechWorks (shared industrial space with machinery and wood shop) are up and running.
- We've hired Ben King to maintain the TechWorks machine shop.

John Moncure also noted that Wayfair had its ribbon cutting ceremony on June 21st, noting that it was a good event that was well attended.

Executive Director's Report.

TechPlace. TechPlace now consists of about 70,000 SF of office, industrial and common spaces. We currently have 30 companies located in the facility and we continue to see significant interest from additional companies. Also, several existing companies have expanded their original presence and have taken more space. Currently, these businesses occupy over 21,300 SF, or over 50% of the available non-common spaces.

We have completed the construction and outfitting of the shared BioWorks and TechWorks shared production spaces. Both these facilities are ready for use by TechPlace members and other businesses. In addition, we have awarded the contract to complete demolition and conduct new construction to open up an additional 25,000 SF of industrial space adjacent to Hangar 4 for additional occupancy, which will be completed by September 30.

Town of Brunswick. On June 20, the Brunswick Town Council gave final approval to the amendments to the Brunswick Landing and Brunswick Executive Airport tax increment financing (TIF) programs. They are currently at the Maine Department of Economic and Community Development (DECD) for approval. These amendments resolve the outstanding aeronautical issue.

Redevelopment Activity Review. Property lease and sale activity continues to be very brisk at Brunswick Landing and the Topsham Commerce Park. We currently have over 398,123 SF under lease to nearly 30 direct tenants and over 88 entities doing business on the former base properties. Collectively, these entities employ approximately 734 people on a full-time basis and 238 on a part-time basis for a total of 972. It should also be noted that there are 160 Maine Army National Guard members and 124 Marine Corps Reservists assigned to their units at Brunswick Landing. In addition, the new L.L. Bean project at Brunswick Landing will result in the creation of up to 75 new jobs at the off-site Brunswick manufacturing facility. With the recent announcements of Wayfair (500 jobs) and Savilinx (200 additional jobs), the overall job count will climb to over 1,600 people working on the former base properties.

Since MRRA's last Board meeting, we have closed the sale of the Frosty's building, the former police station, and the former Navy Exchange and adjacent properties in early April to accommodate the Wayfair project. When we account for the latest Navy conveyances and the property we have sold, MRRA currently owns approximately 1,296 acres of land and 765,031 SF of building space. To date we have sold over 360 acres of land and 38 buildings (over a half million SF). The properties that we have sold are all undergoing further redevelopment. We have an additional 10,000 SF and approximately 25 acres of land currently under contract. We are on schedule to close the sale on an additional two buildings and one additional lot and sign a significant lease within the next 30 days.

To date, the redevelopment effort has welcomed nearly \$300 million in private and public sector investments made into the properties over the past four years. In addition to the attraction of individual business entities, we have been fortunate to attract five major real estate developers who are acquiring and redeveloping properties at both Brunswick Landing and the Topsham Commerce Park. In fact, several of these companies are applying revenue proceeds from subsequent sales and leases at the former base to reinvest in other properties here.

New private and public construction activity occurring in 2016 include:

- the completion of the anaerobic digester facility by Village Green Ventures;
- the construction of a 50,000 SF memory care facility on Admiral Fitch Avenue by Avita Brunswick;
- the completion of renovation of the former Navy fitness center by Thomas Wright;
- renovation of the former Navy Exchange by the Priority Group to accommodate Wayfair;
- renovation of the former Hobby Shop by the Priority Group to accommodate North East Mobile Health Services;

- the construction of a new snow removal equipment (SRE) building by MRRA;
- TechPlace renovations by MRRA;
- energy improvements and renovations to Hangars 4, 5 and 6 by MRRA;
- improvements to Brunswick Landing electrical systems by MRRA;
- renovations to the airport fire pump facility by MRRA; and
- Airfield drainage improvements by MRRA.

In addition to the current construction activity, several other commercial and office buildings are scheduled to commence construction/re-construction this spring along Admiral Fitch Avenue and adjacent properties. Also, additional improvements will be underway on the continued rehabilitation of the sewer distribution system at Brunswick Landing.

- Marketing Update

2016 is another very busy year of aggressive business attraction marketing. Since receiving the Invest in Maine grant award which adds to our existing MRRA marketing budget, we have attended a number of trade shows aimed at promoting our assets and securing foreign direct investment focusing on European and Canadian companies. Steve noted that he and Board member John Moncure made some good contacts at the EBACE conference. MRRA staff also attended TechWalk recently to market TechPlace. All these efforts are starting to bear fruit, as we have now hosted several visits from foreign companies that we met at these shows. In addition, all the recent good news has sparked numerous additional inquires for property.

Dashboard. Steve presented and reviewed an updated dashboard with the Board, a copy of which is attached to these minutes.

Executive Session: A motion was made at 5:20 p.m. by John Moncure and seconded by Lois Skillings to go into Executive Session pursuant to MRSA Sec. 405(6)(C). The vote was unanimous of the Board members present.

At 5:50 p.m. a motion was made and seconded to adjourn from the Executive Session and resume the Board meeting. The vote was unanimous of the Board members present. The Board reported on the following action item:

Adjournment: A motion was made by Rita Armstrong at 5:55 p.m. to adjourn from the Board meeting, which was seconded by John Kilbourne. The vote was unanimous of the Board members present.

Lois Skillings, Secretary