



MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY

Meeting Minutes MRRA Annual Board Meeting

November 19, 2014

Present: Rita Armstrong (Treasurer), Lois Skillings (Secretary), Carl Flora, Dan Daggett, Steve Weems, John Bouchard John Moncure, George Gervais, and John Kilbourne

Excused: John Peters and John Dorrer

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

Location: Freeport

Time: 4:00 p.m.

Welcome & Introductions. Acting Board Chair Rita Armstrong welcomed the Board and attendees. Chair Armstrong then invited the attendees at the meeting to introduce themselves.

Minutes of September 24 and October 15, 2014. Steve Weems made a motion to accept the minutes of the September 24 Board meeting, which was seconded by Lois Skillings. The vote was unanimous of the Board members present, except for John Moncure and George Gervais who abstained because they did not attend. Steve Weems also made a motion to accept the minutes of the October 15 Board meeting, which was seconded by Lois Skillings. The vote was unanimous of the Board members present, except for Dan Daggett and George Gervais who abstained because they did not attend.

Executive Director's Report.

Property Conveyances. Executive Director 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 transferred approximately 1,761 acres of the approximately 2,100 acres we are slated to receive. Since the last Board meeting, MRRA had received the deeds of some additional properties in Brunswick and Topsham, totaling approximately 34 acres.

Public benefit conveyances of land and buildings have been made or are in the process of conveying to Southern Maine Community College, Bowdoin College, Town of Brunswick and Family Focus. All the remaining properties at the former NASB and Topsham Annex will be conveyed once appropriate environmental clearances are obtained.

TechPlace. Now that the EDA grant is in place and the LIFOC secured for building 250, staff is aggressively working to gear up for the opening of the facility. The construction work is progressing at a rapid rate and we are conducting our marketing efforts and talking with prospective businesses. Our prospects to date include ten prospective start-up and early stage companies. We are anticipating the construction to be complete in late December and will be accepting clients in early January.

Federal Update

HUBZone Legislation. Steve said he was concerned that a key house member may not necessarily be supportive of this legislation in the National Defense Authorization Act. The Maine Congressional delegation continues in trying to move this bill into a position for passage.

Congressman Michaud. Steve and Board members acknowledged the significant contribution made to MRRA's redevelopment effort by out-going Congressman Mike Michaud, stating "he was a steadfast and tireless supporter of the project from day one in Washington and played a key role in changing the national economic development conveyance laws and the on-going HUBZone changes." Steve also recognized and thanked Andrea Quaid, the congressman's key staff person assigned to the base redevelopment project, for all of her support and teamwork with the other delegation staff.

Local Community Updates

Town of Brunswick. Steve reported that MRRA continues to work with the Town of Brunswick staff on several fronts: life safety code compliance on building rehabilitation; facilitation of development permitting; and providing input into the Town's zoning ordinance update. In addition, staff is working with Wright Pierce and the Town to prepare the next amendment to our subdivision plan to include properties added in recent conveyances.

Town of Topsham. Now that MRRA is in receipt of new properties in Topsham from the Navy, staff will be working with SAD 75 and Affordable Mid Coast Housing on the conveyance of the open space portions, pursuant to a previous agreement between the parties.

Redevelopment Activity Review

Property lease and sale activity continues to be very brisk at Brunswick Landing and the Topsham Commerce Park. Since September's meeting, MRRA has two new tenants (Maine Aviation Corp. and Blue Dog Day Care) and has several more in lease negotiation. MRRA currently has over 509,316 square feet under lease to over 30 direct tenants and nearly 60 entities doing business on the former base properties. Collectively, these entities employ over 527 people with a promise of double that number in just a few short years. On the sale side, MRRA has recently sold several parcels of land and the former NightFlight building.

Taking into account the latest Navy conveyances and the property MRRA has sold, MRRA currently owns approximately 1,430 acres of land and 957,857 SF of building space. To date MRRA has sold over 330 acres of land and 31 buildings (i.e., over 650,000 SF). The properties that have been sold are all undergoing further redevelopment. The redevelopment effort has welcomed nearly \$200 million in private and public sector investments (\$150 million private, \$50 million public) made into the properties over the past 3.5 years. In addition to the attraction of individual business entities, MRRA has 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. Steve said MRRA has been truly blessed and appreciative of the quality of the developers who are making this place part of their investment portfolio. Some notable examples of this phenomenon include the following projects that have occurred just this year:

- ✓ MRRA sold the former communications headquarters building to Affordable Midcoast Housing (AMH), which accommodates Oxford Networks and their state-of-the-art secured data center. The acquisition of this property was made possible by the sale of the former Navy Hotel from AMH (previously acquired from MRRA) to Rousseau Enterprises to develop a new senior congregate housing facility;
- ✓ JHR Development sold the former Commissary building in Topsham (previously acquired from MRRA) to Wicked Joe Coffee Roasting Company to establish their high-tech, energy efficient production facility;
- ✓ The Priority Group, upon completion of the beautiful rehabilitation of the former Navy Lodge and Recreation Center, has now turned its attention

to the construction of new modern high quality buildings at the gateway of Brunswick Landing; and

- ✓ Tom Wright, upon his acquisition of the former Family Services Center has turned that facility into a multi-tenant services building and has redeveloped the former Vet Clinic to house a second Wild Oats Café location.

And the redevelopment effort continues to recover the local, regional and state economies impacted by the base closure. In addition to the resident businesses and public organizations located here, the college campus and airport also provide a significant boost for the economy. The combined Southern Maine Community College and University of Maine campus now contains nearly 900 students and staff and the Brunswick Executive Airport is on the glide path to have over 13,500 flight operations this year, with nearly 30 resident aircraft. Over \$40 million in various construction contracts, mostly to local and in-state firms, have been awarded by MRRA since the Navy base closed. In addition over \$65 million has been added to the local tax rolls in Brunswick and Topsham. Just this fiscal year, over \$1.8 million is being paid in new real estate taxes from the former base properties being redeveloped.

- Housing Sales. To date, Affordable Mid Coast Housing has closed on 110 housing units in the McKeen 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. MRRA has received \$477,231.50 to date for its agreed share.
- Brunswick Landing/Topsham Commerce Park Employee Update. Steve reported that there are now 60 entities doing business at the former Naval Air Station Brunswick, 30 of which are direct tenants. There are 527 employees, 118 of which are STEM sector jobs.

Committee Reports

Executive Committee.

In Chair John Peters absence, Secretary Lois Skillings gave the Executive Committee report. Lois noted that the Board had met on October 7 and November 4, and much of what was discussed was already covered in the Executive Director's report.

At the October 7 meeting, Steve advised of the Navy's latest property conveyance to MRRA, which included building #81 (New England Tent and Awning), building 231 (former Air Traffic Control Building), the former skeet range, and most of the remaining property in Topsham. The Committee also

discussed the sale of the NightFlight building to George Schott, who is renovating the building. The Committee awarded the Repairs to Quarters Located at 10 Captains Way contract to Ouellet Associates, MRRA's approved general contractor. The Committee also awarded the Replacement of Roof on Building 54 contract to Elite Roofing, contingent on their references checking out. This contract was awarded after staff duly noticed Requests for Proposals and reviewed the bids submitted.

Lois reported that at the November 4 Committee meeting, topics of discussion included: Priority Group's construction project of the Sunray Animal Clinic, Thomas Wright's renovations to building 25 (the former gym), the airport's new lighting control facility; construction of MRRA's new snow removal facility and improvements to hangars 4 and 5. The Committee awarded the Brunswick Landing Gateway and Neighboring Site Signs contract to low bidder Bailey Signs.

Finance Committee.

Committee Chair Dan Daggett gave the Finance Committee report. Dan noted that the Committee had met on October 6 and November 6.

Dan said that Hank Farrah and Timothy Gill from Runyon Kersteen and Ouellette were on hand at the October 6 meeting to present the draft audit of the Financial Statements for the period ending June 30, 2014. A special Board meeting was held on October 15 to review the audit report. The Committee also had an in depth review of the financial reports ending September 30 and found them to be in order.

At the November 6 meeting, the Committee had an in depth review of the financials ending October 31, and found them to be in order. The Committee discussed an investment strategy, including a sweep account. It was agreed to solicit bids from banks for investment services for consideration by the Finance Committee at its meeting in December.

Action Item: Dan Daggett made a motion that the MRRA Board accept the quarterly financial report ending September 30, 2014, as recommended by the Finance Committee, which was seconded by Lois Skillings. The vote was unanimous of the board members attending.

Redevelopment Committee.

Committee Chair John Moncure gave the Redevelopment Committee report. John noted that the Committee had met on October 8. John said the Committee was briefed as follows:

Aviation Manager Marty McMahon briefed the Committee on runway and lighting improvements at the Brunswick Executive Airport.

Executive Director Steve Levesque updated the Committee on MRRA's recent property conveyances and plans for reuse of the various buildings, as well as improvements to Hangars 4 and 5.

MRRA's Utility Manager, Tom Brubaker, talked about MRRA's power purchase agreement that allows MRRA to buy power under 9 cents per kilowatt hour (5.185 cents per kWh plus 3.5 cents for transmission and distribution). MRRA has a 37 month contract and Brunswick Landing businesses will see a significant savings. Tom also reported that MRRA has a new contract with Maine Natural Gas with a 12-month fixed price of \$1.23 per therm.

Kristine Schuman updated the Committee on the TechPlace project at former building 250. Demolition work is about 99 percent complete. The plumbing is being done and electrical work is about 70 percent done. The project is on track to be complete by late December, on time and under budget. MRRA has 10 companies that have shown interest in moving in and they are from all of the target sectors. The project was debuted at MTI's TechWalk expo (in Bangor 10/2) and was well received.

Steve Levesque debriefed the committee on recent business attraction efforts. October will be a very busy month for MRRA. Staff will be attending three tradeshows in Orlando, Fla. Ben Sturtevant is attending CAMX, the composites tradeshow and will be part of Maine International Trade Center's pavilion with the Maine Composites Alliance. He will be promoting Building 86 as an ideal facility for composites manufacturing. Bob Rocheleau is attending Data Center World and will be marketing Building 55, 554 and 11. Marty McMahon and Steve will be attending the National Business Aviation Association expo as part of a Maine pavilion with the Maine Aviation Business Association. Also, staff has been working with the state to develop a tradeshow display.

John also recapped attending a recent Association of Defense Communities conference in San Francisco along with John Peters, Rita Armstrong, Steve Levesque and Jeffrey Jordan. He noted that the ADC provides a place for BRAC'd base personnel to get together and discuss mutual problems such as energy. John reported that Rita Armstrong toured the former base at Alameda, which is a partially successful BRAC base. They group attended several conferences on topics such as risks, marketing property, how to successfully manage tenants, how to obtain capital for start-ups (and crowd funding), risk and responsibility for deed provisions, and establishing good community relations, and nurturing small businesses. The group also took a tour of the Presidio, a portion of a redeveloped base that is all residential and run like a trust. The group also toured TechShop, a makers space for start up companies. John told that TechShop provided tools such as laser printers and cutting tools, and training for the users.

Nominating Committee.

Committee Chair Dan Daggett said the Committee met for about an hour on September 16.

Action Item: Dan Daggett made a motion that the following officers of the MRRA Board be elected: Chair John Peters, Vice Chair Rita Armstrong, Treasurer Dan Daggett, 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.

Amendment to MRRA's Section 125 Flexible Spending Account

Jeffrey Jordan said there is a new amendment to MRRA's Section 125 Flexible Spending Account that allows for using pretax dollars for medical or dependent care. The amendment has to do with the qualifying events of employees having reduced hours or enrolling in a qualified health plan through a marketplace.

Action Item: Rita Armstrong made a motion that the Board adopt a Resolution regarding MRRA's Section 125 Flexible Spending Account as presented, which was seconded by John Moncure. The vote was unanimous of the Board members present.

Other Business:

- The Board retreat will be held on December 17, followed by an open house and holiday party.
- The next MRRA Board meeting will be on January 28, 2015.

Public Comment: Brunswick councilor Jerry Favreau commended MRRA for its work in redevelopment the former Naval Air Station.

Executive Session: A motion was made at 4:25 p.m. by Rita Armstrong and seconded by John Moncure to go into Executive Session pursuant to MRSA Sec. 405(6)(C). The vote was unanimous of the Board members present.

At 5:30 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 items:

Action Item: Rita Armstrong made a motion that the Board authorize the Executive Director to enter into a Purchase and Sale Agreement, and related documents, with Leon Brilliant III for the sale of building 538 (the service station) located at 58 Burbank Avenue, which was seconded by John Moncure. The vote was unanimous of the Board members present.

Action Item: Rita Armstrong made a motion that the Board authorize the Executive Director to enter into a letter agreement with Sandy River II, Inc. regarding Lots 30 and 32, which lots are the subject of purchase and sale agreements between MRRA and the Priority Real Estate Group, LLC, which was seconded John Moncure. The vote was unanimous of the Board members present.

Adjournment: A motion was made by Rita Armstrong at 4:30 p.m. to adjourn from the Board meeting, which was seconded by Dan Daggett. The vote was unanimous of the Board members present.

Lois Skillings, Secretary