



MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY

Meeting Minutes MRRA Board Meeting

October 14, 2015

- Present:** John Peters (Chair), Rita Armstrong (Vice Chair), Lois Skillings (Secretary), Steve Weems (via conference call), John Moncure, and John Kilbourne
- Excused:** John Bouchard, Carl Flora, George Gervais
- Staff:** Steven Levesque, Jeffrey Jordan, Ben Sturtevant and Kathy Paradis
- Location:** Topsham Town Hall
- Time:** 4:00 p.m.

Welcome & Introductions. Board Chair John Peters welcomed the Board and attendees. Chair Peters then invited the attendees at the meeting to introduce themselves.

Host Community Comment: Rich Roedner welcomed the Board to Topsham. He said he is pleased with progress being made at TCP (the Topsham Commerce Park -- i.e., the former Navy Annex), especially that the housing is nearly filled up and also with the sale and redevelopment of the former fire station, which was purchased by Firehouse Tumbling. He also said he is happy that a portion of the sales price for the former fire station is being reinvested back in TCP for future demolition work. Rich also invited Steve Levesque to give an update at one of the future meetings of the Topsham Selectmen.

John Moncure took the opportunity to ask Rich Roedner to convey MRRA's best wishes to Don Russell on his impending retirement from the Topsham Board of Selectmen.

Chair John Peters recognized attendees Margit Myers and Captain Timothy Fallow from the Office of Economic Adjustment, and thanked them for attending the meeting. Chair Peters said that Margit Myers is MRRA's new OEA Project Manager. Ms. Myers took Bryant Monroe's place as Bryant was promoted up the chain. Ms. Myers introduced herself and advised that she and Captain Fallow met earlier in the day with MRRA's Deputy Director Jeffrey Jordan, who also gave them a tour of Brunswick Landing. She said she was very happy with MRRA's redevelopment effort and that it

was a real success story for a BRAC'd base. John Peters asked Margit to thank Bryant Monroe for his past and continued support.

Minutes of July 15, 2015. Lois Skillings made a motion to accept the minutes of the May 27, 2015 Board meeting, which was seconded by John Kilbourne. The vote was unanimous of the Board members present.

Showcase of Topsham Commerce Park Business: Jill Partridge was on hand to give the Board a brief talk about her company, Firehouse Tumbling. Jill said that she is one of three owners that recently purchased the military firehouse at the former Navy Annex. She explained to the Board what is involved in tumbling, noting that it's kind of a cross between cheerleading and gymnastics. (it's the floor part of gymnastics). Firehouse Tumbling opened at the end of June and they already have over 100 kids signed up. She said what makes it unique is that there is no other facility in Midcoast Maine like it. It has a spring floor to make tumbling easier. Its cheering program will start in the middle of November and continue to mid February. The program is designed for competitive cheering for kids aged 8 through the 8th grade. She said the company is perfectly situated, in that it is located behind high school and in front of middle school. Jill added that it was a privilege to work with MRRRA on this project.

Employee Spotlight: MRRRA Employee Ben Sturtevant, MRRRA's Marketing and Communications Manager (i.e. chief storyteller) gave the Board an overview of his job – the first of a series of planned employee spotlights. Ben said he has a fairly extensive background in marketing and communications, noting that most of his career was in the media business. He said his chief responsibility at MRRRA is to broadcast news of MRRRA's redevelopment project to a wide audience with varying levels of interest. He also analyses if the message was received and discovers what people and companies make up MRRRA's audience. Ben said that this is really what marketing and communications is all about.

As outlined in MRRRA's Strategic Business Plan under Marketing and Communications, Ben's said his goal is to tell MRRRA's story through variety of methods and tools. Ben noted some of the different audiences MRRRA is working with, including:

- Local, state, and national stakeholders and strategic partners.
- Business prospects that we've engaged.
- New leads in specific target industries.
- Current Brunswick Landing and Topsham Commerce Park business entities.
- General audiences who've opted in.
- MRRRA Board and staff. Internal communication is arguably the most important.

Ben noted that MRRRA's many audiences require vastly different conversations. A lot of customization is necessary, which is huge challenge and requires him to shift gears frequently.

Ben also noted that he spends much of his time marketing MRRRA's facilities and fielding requests. In fact, he said this year MRRRA has been very active on the tradeshow circuit currently. MRRRA received a \$50,000 matching "Invest in Maine" grant from the Maine International Trade Center, which is being used to bolster

international outreach to increase foreign direct investment at Brunswick Landing and Topsham Commerce Park. Ben said he has attended four major tradeshows this year in the composites / advanced manufacturing sector (his assigned industry). He's been to Germany twice and Texas; and he is going to another show in Texas in a couple of weeks. Ben noted that MRRA works closely with MITC, Maine Composites Alliance, SMCC, and University of Maine on composites recruitment. He also noted that he manages MRRA's reimbursement program with MITC.

Besides his many marketing duties, Ben is also MRRA's communications coordinator. As such, some of his responsibilities include writing op-eds, news releases, press releases for MRRA-related events, the annual report, e-newsletters, dashboard, scorecard, marketing materials, content for our two websites, keeping other venues of social media current (Facebook, Twitter, Linked In, YouTube, Google Plus, Flickr, and Tumblr). Ben said some of his other skills, aside from writing and some speaking opportunities include photography, slides, design, map drawing, graphics, posters, web coding.

Ben said that he loves his job, the team at MRRA is great, and it's an opportunity to do something very different that makes a difference.

Finance Committee:

Rita Armstrong gave the Finance Committee report. Rita reported that the Committee had met twice since the last Board meeting – on August 18 and September 16. At the September 16 meeting the Committee unanimously accepted the August financials; agreed to make a recommendation to the Executive Committee to extend MRRA's auditing contract with Runyon, Kersteen and Ouellette by two years; and the Deputy Director, Jeffrey Jordan, reviewed the Management Letter and audit report from RKO, which will be presented later in the meeting.

Rita introduced Hank Farr and Timothy Gill from Runyon, Kersteen and Ouellette to present the draft audit of the Financial Statements for the period ending June 30, 2015.

Hank Farr noted that this was his third year presenting to the Board. He said the audit was again very clean. He discussed RKO's responsibilities as auditors, noting that their only responsibility is to express an opinion on the financial statements based on their audit (i.e., their sampling of information). Hank said that MRRA's Deputy Director, Jeffrey Jordan, and its Financial Officer, Michael Russo, are well prepared when RKO arrives to perform the audit.

Mr. Farrah reported on the processes used to test internal control procedures and then stated that they did not identify any deficiencies in MRRA's internal control procedures. He also reported that MRRA's financial statements are free from material misstatement and their tests disclosed no instances of noncompliance or other matters that are required to be reported under Governmental Accounting Standards Board requirements.

Mr. Farrah then reviewed the second letter to the Board of Trustees regarding the required testing and reporting under the provisions of Office of Management and

Budget (OMB) *Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*. This report is intended to test and report on compliance with federal grant requirements. Mr. Farrah noted that they did not identify any deficiencies. The report documented that the single deficiency identified last year had been tested again in detail and there were no further violations.

Mr. Farrar noted that the estimates for uncollected accounts were up due to large increases in receivables. He also noted that there were no difficulties or disagreements with staff or management during the audit. Hank noted that there were a total of seven adjusting journal entries; two of which were extremely small and the other five were also not considered material.

Tim Gill then reviewed the financial statements. He noted that the opinion letter is the only work product of RKO; the financial statements are the work product of MRRA. Tim commended on the high quality and detailed nature of the Management and Discussion and Analysis (MD&A) prepared by Jeffrey Jordan that explains the financial statements. The MD&A focused on new loans, agreements with developers, debt agreements and Navy agreements along with an explanation of the numbers. There were no issues to report on those transactions.

Mr. Gill then reviewed the Management Letter. The Management Letter stated that RKO considered and reviewed internal control over financial reporting and did not identify any deficiencies in internal controls. While RKO issued an unmodified opinion on internal controls and the financial statements, they did identify one opportunity for strengthening internal controls and operating efficiency. Tim reported that their testing of credit card transactions identified that three credit card transactions for aviation fuel did not have credit card receipts.

Mr. Gill stated that MRRA has complied in all material respects with the types of compliance requirements that could have a material effect on each of the other major federal programs (i.e. Federal Aviation Administration and Economic Development Administration grants). The Letter also stated that RKO did not identify any deficiencies in internal control over compliance. The Letter to the Board reported on the Schedule of Expenditures of Federal Awards. The letter stated that RKO has audited MRRA's Financial Statements and issued an unmodified opinion (clean opinion) on those financial statements in accordance with the auditing standards Generally Accepted Accounting Procedures (GAAP) in the United States.

They state the internal control testing and testing over federal compliance for grants. Nothing to report. No federal compliance noted. Summary of the federal expenditures in report \$5.5M – largest being the MAP program. (tested EDA last year – OEA grant will be too low to test – so MAP will be tested again.

Rita said the Finance Committee regularly has 11 meetings a year. In the documents they receive before the meeting, they get the dashboard, cash flow statements and all budgets and a detailed monthly line by line. She thanked the Finance Committee members, as well as Deputy Director Jeffrey Jordan and Michael Russo. She said Jeffrey and Michael present transaction journals in a way that makes it easy to understand and digest. She said our auditors, RKO, agreed that the Board has good oversight.

Action Item: Rita Armstrong made a motion that the MRRR Board accept the FY 2015 Financial Audit Documents, as presented by Runyon, Kersteen and Ouellette, which was seconded by John Moncure. The vote was unanimous of the Board members present.

Action Item: Rita Armstrong made a motion that the MRRR Board of Trustees accept the Quarterly Financial Statements for the period ending September 30, 2015, as recommended by the Finance Committee, which was seconded by John Moncure. The vote was unanimous of the Board members present.

Rita said the original RFP for auditing services included a three year agreement with two successive one year renewal options. We have just completed our third year of the agreement. RKO has offered both a one year and two year extension.

Action Item: Rita Armstrong made a motion that the Board of Trustees approve a two year extension of auditing services contract with Runyon Kersteen and Ouellette at a cost of \$23,500 for each of the two years, which was seconded by John Moncure. The vote was unanimous of the Board members present.

Rita advised that the Finance Committee is recommending the following grants from FAA and MDOT for the projects listed below.

Action Item: Rita Armstrong made a motion that the Board of Trustees accept the following grants from the Federal Aviation Administration and the MaineDOT and authorize the following projects, as recommended by the Finance Committee, which was seconded by Steve Weems.

		<i>FAA Share</i>	<i>MaineDOT Share</i>	<i>MRRR Share</i>
FAA Military Airport Program - Grant 018		\$150,000.00	\$8,333.33	\$8,333.33
	Air Field Pavement and Repair			
FAA Military Airport Program - Grant 019		\$1,049,364.00	\$58,298.00	\$58,298.00
	Hangar 6 Door Improvements			
FAA Military Airport Program - Grant 020		\$1,600,000.00	\$88,888.89	\$88,888.89
	Center Line Light Removal 1R-19L			
FAA Military Airport Program - Grant 020		\$1,700,000.00	\$94,444.44	\$94,444.44
	Improvements to Hangar 5 Heating			
Total		\$4,499,364.00	\$249,964.67	\$249,964.67

The vote was unanimous of the Board members present.

Rita discussed the recommendation of the Committee to accept an additional FY15 grant from the FAA for work in Hangar 4.

Action Item: Rita Armstrong made a motion that the MRRA Board accept additional FY15 grant funding from the FAA in the amount of \$207,790 for work in Hangar 4, as recommended by the Finance Committee, which was seconded by Steve Weems. The vote was unanimous of the Board members present.

Rita advised that the Finance Committee is recommending a revised line of credit with Bath Savings in order to assist in the cash flow needs of the Airport Improvement Program grants from the FAA. (MRRA is required to pay the entire amount of design and construction invoices and then seek 90% reimbursement on a periodic basis from the FAA and 5% reimbursement from Maine DOT upon the close out of each grant.)

Action Item: Rita Armstrong made a motion that the Board of Trustees authorize the Executive Director to sign a promissory note with Bath Savings on the revised line of credit of up to \$1.5 million, as recommended by the Finance Committee, which was seconded by Steve Weems. The vote was unanimous of the Board members present.

Rita advised the Board that OEA approved a 2016 budget that included 100% of the Water Distribution Study at \$80,000 rather than the \$60,000 originally requested.

Action Item: Rita Armstrong made a motion that the Board of Trustees accept the recommendation of the Finance Committee to accept the revised OEA grant increasing the grant award by \$20,000 to fund 100% of the water study and to reduce the transfer from MRRA by a corresponding \$20,000, which was seconded by John Moncure. The vote was unanimous of the Board members present.

Executive Committee.

Chair John Peters said that the Executive Committee met twice since the last Board meeting – on September 1 and October 6. Most of the items covered in the Committee meetings will be covered in the Executive Director's report later in today's Board meeting; however, John noted the following highlights from the September meeting:

- The houses at 93 and 97 Admiral Fitch Avenue were sold to Priority Housing, LLC.
- Harpswell Coastal Academy moved into Building 27 (the Seeds of Independence building owned by TBW, LLC). The Academy plans to eventually build at Brunswick Landing.
- The Coastal Landing project at the former Navy hotel (Building 750) is open and people have moved into the skilled nursing portion of the building as well as the retirement portion.
- It was reported that there are 18 businesses in TechPlace.

Highlights of the October 6 meeting include:

- The former gym was sold to TBW who will lease to YMCA.

- The Navy gave MRRA permission to sell Chapel.
- The snow removal building is under construction.
- The Town Council unanimously approved TIF memorandum of understanding. (The so-called lawsuit for clarification of property tax in aeronautical uses will be withdrawn after ratification.)
- A contract was awarded to Enterprise Electric for electrical reclosure work, which is now underway.

Redevelopment Committee

Committee Chair John Moncure said that the Committee met on August 18.

At the meeting, Executive Director Steve Levesque reported on current and upcoming projects at Brunswick Executive Airport, maintaining and updating hangars at the airport, and applying for the Military Airport Program grant.

MRRA's Property Manager, Bob Rocheleau, updated the Committee on MRRA's recent activity, including the subdivision approval for property around Frosty's Donuts, the status of the sale for the Sea Cadet building and Navy Thrift Store, the Town's draft Zoning Ordinance, and the Avita Memory Care facility project.

Kristine Schuman gave an update of TechPlace, including that a 3D printer is on order.

Ben Sturtevant gave an update on MRRA's outreach and marketing activities.

Steve gave an update on perfluorinated compounds (PFCs) at Brunswick Landing. PFCs are a group of emerging contaminants that were not previously identified by EPA as contaminants of concern, and therefore were not previously monitored during previous investigations at NAS Brunswick (Brunswick Landing). PFC is a compound derived from firefighting foam and is a new emergent contaminant in the U.S. (much like asbestos). With the exception of the golf course, all water used at Brunswick Landing comes from the Brunswick Topsham Water District. Navy tests have determined that no PFCs are present in the BTWD water supply. In compliance with the property transfer documents from the Navy, no groundwater is used anywhere on Brunswick Landing except at the golf course where pond water is used for irrigation. There is a well for the club house. While Maine DEP believes there is no requirement to do so, the Navy plans on testing the well water used at the golf course. The end result is that the testing will delay some of the transfers coming from the Navy.

TIF Memorandum of Agreement. Steve Levesque said that the Town and MRRA had reached a settlement in their property tax dispute, centered on the taxable status of properties at the Brunswick Executive Airport. In April 2014, MRRA filed a lawsuit against the Town seeking a declaratory judgment on the interpretation of statutory language that MRRA claimed entitled it to a tax exemption on certain airport properties the Town had determined were not entitled to the exemption. In settlement, MRRA agrees that it will drop its appeal of the Town's determination. The Town agrees that it will amend the existing tax increment financing (TIF) districts to include a full tax reimbursement on three properties meeting the definition of aeronautical business for 30 years. The TIF districts will also be amended to reduce the tax reimbursement

related to other taxable properties. The settlement was adopted by the Town and approved by Maine Department of Economic and Community Development (DECD). The Council then approved an initial TIF reimbursement payment of \$200,000 in good faith. They have been holding all the TIF funds in an account pending resolution of this issue. We are working with the Town to calibrate the additional funds that will now be due us under the new agreement. Steve said the agreement will allow MRRA to collect up the \$15M for infrastructure at Brunswick Landing.

John Peters said the document is not as originally proposed but the compromise is a good deal and we can put it behind us.

Action Item: John Moncure made a motion that the MRRA Board ratify their consensus vote on the Memorandum of Agreement between MRRA and the Town of Brunswick, which was seconded by Rita Armstrong. The vote was unanimous of the Board members present.

Executive Director's Report. Steve gave a report on property conveyances, TechPlace, federal updates, local updates, redevelopment activity, housing sales and a marketing update. A copy of the Report is attached to these Minutes.

Other Business: It was noted that Catherine Ferdinand will present at the January 2016 Board meeting and speak about Bowdoin's solar project.

Public Comment: None

Executive Session: A motion was made at 5:30 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 5:55 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: John Moncure made a motion to approve the sale of Lot 46 and Bldg. 51 to Nels Omdal and Shelby St. Andre for \$255,000, which was seconded by John Kilbourne. The vote was unanimous of the Board members present.

Action Item: John Moncure made a motion to approve the lease of Bldg. 632 to Active Communications pursuant to staff recommendation, which was seconded by Lois Skillings. The vote was unanimous of the Board members present.

Adjournment: A motion was made by Rita Armstrong at 6:00 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