



MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY

Meeting Minutes MRRA Board Meeting

October 25, 2016

Present: John Peters (Chair), Rita Armstrong (Vice Chair), Steve Weems, Carl Flora (via conference call), John Moncure, John Bouchard, and Sharon Eggleston

Excused: Lois Skillings, John Kilbourne and George Gervais

Staff: Steven Levesque, Jeffrey Jordan, Eric Perkins and Kathy Paradis

Location: Brunswick

Time: 4:00 p.m.

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

Host Community Comment: John Eldridge welcomed the Board to the Brunswick Town Hall. He updated the Board on some of the Town's ongoing projects:

- The Design Advisory Committee will be meeting November 9 regarding the Frank Wood Bridge's rehabilitation or replacement and MDOT's preliminary recommendations.
- The Town is looking at a road connection between Gurnet Road and Admiral Fitch Avenue. The Town has sent out an RFP for preliminary traffic analysis and concept design.
- There will be a MDOT street widening project on Pleasant Street in the location of the former Cumberland Farms.

- Talks are ongoing with Metro about the possible expansion of the BREEZ commuter bus service from Portland to Brunswick. The Town Council will be discussing it November 21st.
- The Planning Board will be hold a public hearing on the proposed zoning ordinance on November 1st. Mr. Eldridge provided Executive Summaries of the Zoning Ordinance to the Board members.
- The TIFS were approved (Brunswick Landing and BXM TIFs) by the Maine DECD, and the Town has paid out \$1.3M to MRRA. He said the Town is very happy with the great partnership it shares with MRRA.

Minutes of June 29, 2016 Meeting. John Moncure made a motion to accept the minutes, which was seconded by Rita Armstrong. A couple of Scrivener's errors were noted (John Moncure made first two motions in June 29 meeting, not John Peters) and will be corrected. The vote was unanimous of the Board members present.

Business Showcase: Avita of Brunswick. Avita's Executive Director, Gary Currier, and its Marketing Director, Bethany Tyler, gave a presentation.

Mr. Currier said that Avita is part of the Northbridge Memory Care Community (Northbridge is in Massachusetts). They have 16 properties in New Hampshire and Maine. Avita of Brunswick will be 60 units. Other locations in Maine include Wells and Westbrook. The building should be completed and turned over in the first week of November and he is anticipates opening on December 12. He said the department heads have been hired and they expect 50-60 employees at full capacity. He was very happy with the construction schedule, noting that the contractor, Landry and French Company, will complete the building ahead of schedule.

Ms. Tyler talked about what the units will look like. She noted that the building is set up in neighborhoods and reflect the four seasons (winter, spring summer and fall). Each neighborhood has its own kitchen and other shared amenities, designed specifically for a memory loss center, including a multipurpose room. There will be lots of activities, top notch fresh food, sense of community, music, therapy dogs, secure gardens, art, day trips, horse riding and more.

Mr. Currier noted that so far 16 deposits on units have been made. The open house is the day after Thanksgiving (November 25) from 11:00 a.m. to 2:00 p.m.

Featured MRRA Employee: Eric Perkins. Maintenance Supervisor, Eric Perkins stated that he grew up in Saco and attended SMCC where he received an associate degree in building construction. From there he enlisted into the

Marine Corps, as a heavy equipment operator with the combat engineers for four years. When he was discharged, he took a job in northern Vermont for Cassella construction digging landfills. When that season ended, he came back to Maine and accepted a job with CPM as an operator building bridges. After several very close calls of being hit by traffic on the turnpike, he returned to residential/ light commercial construction. For the next few years, he work for a builder in Saco focusing on residential and commercial remodeling, including carpentry, plumbing, and operating heavy equipment.

Eric said he has worked for MRRA since December of 2014. He is currently the Maintenance Supervisor for the property, handling the day to day operations of the general maintenance of the building and grounds at Brunswick Landing and at the Topsham Commerce Park. Summertime work includes overseeing the seasonal staff of 3-4 mowing, weeding and general upkeep of the property, pruning trees, replacing light bulbs, or cleaning out a space or building for a tenant to move into. During the winter months, he ensures that the all roads, parking lots and sidewalks are plowed. Along with the mowing and plowing, he also handles the emergencies that happen from time to time, such as a water main break, power outages, sink holes or a break in our forced sewer main. In these scenarios, he first assesses the situation, render the area safe if need be and contacts one of MRRA's many contractors for an appropriate solution or repair. While MRRA's contractor is in route for an emergency, he will spend that time doing a part of the leg work for them, this may include looking through drawings, locating curb stops or driving the property to find out why we have an outage. He fields these calls at all hours of the day and night, including weekends. Eric also handles all of MRRA's building systems, as well as the envelope of the buildings. He schedules and coordinates all the yearly maintenance and inspections for all the systems in MRRA's buildings.

Eric said he has been able to fit projects into his schedule, saving MRRA a fair amount of labor costs. As the maintenance supervisor with MRRA his day is very fast paced and constantly changing every time the phone rings. Our staff is truly a team effort and makes my job a lot easier.

Eric and his wife celebrated 16 years of marriage in September and have two girls ages six and nine. When he is not working or taking his girls to one of their many activities, he is likely in a river casting a fly for trout and salmon.

MRRA Trustee John Moncure said that Brunswick Landing campus looks great, and John Peters thanked Eric for his service to country and to MRRA.

Committee Reports

Finance Committee. Committee Chair Steve Weems said that the Committee met four times since last board meeting – on July 20, August 16, September 20 and October 18. The comprehensive meeting notes had been shared with the

trustees. Chair Weems said the Board would be asked to vote on five motions today. He said MRRA's financial house is in order and that a "clean" audit would be presented later in the meeting.

Chair Weems then turned the meeting over to Deputy Director Jeffrey Jordan who presented the Board with a detailed snapshot of MRRA's finances at the end of FY2016.

Action Item: Steve Weems made a motion that the Board of Trustees accept the Quarterly Financial Statements for the periods ending June 30 and September 30, 2016, as recommended by the Finance Committee, which was seconded by Rita Armstrong. The vote was unanimous of the Board members present.

Budget Amendments. Jeffrey Jordan also spoke about three proposed budget amendments:

- Sewer. MRRA had anticipated the Brunswick Sewer District taking over Brunswick Landing's sewer system on July 1, 2016, which did not happen so \$59,000 is needed from the Annuity Reserve to have a balanced budget. It was noted that the budget took into account the reduction of Inflow and Infiltration.
- CIP. The Hangar 4 Radiant Heating project in the Military Airport Program moved from FY 2016 to FY 2017, an increase of \$1,558,100 in federal funds and \$86,600 in State match. Also, there was increase in the budget for the Hangar 4 improvements of \$447,500 in federal funds and \$24,900 in state match. The total increase in local match for MRRA is \$123,000.
- TechPlace. The Finance Committee recommends that the Board of Trustees approve an amendment to the Brunswick Landing Realty Development FY 2017 budget authorizing the additional transfer of \$25,000 from the FY 2017 operating budget to the Brunswick Landing Realty Development FY 2017 Capital Improvement Plan. This represents the utilization of a budget surplus from last fiscal year from having not spent any of the \$25,000 equipment maintenance budgets. At year end, this will effectively draw the funds from retained earnings (\$25,000 of the \$173,000 surplus last year.) This could be used for upgrades in TechPlace, such as for air conditioning.

Action Item: Steve Weems made a motion that the Board of Trustees adopt the proposed FY 2017 Sewer User Fund budget, as recommended by the Finance Committee, which was seconded by John Moncure. The vote was unanimous of the Board members attending.

Action Item: Steve Weems made a motion that the Board of Trustees approve the proposed amendments to the FY 2017 Capital Improvement Plan, as recommended by the Finance Committee, which was seconded by John Moncure. The vote was unanimous of the Board members attending.

Action Item: Steve Weems made a motion that the Board of Trustees approve an amendment to the Brunswick Landing Realty Development FY 2017 authorizing the additional transfer of \$25,000 from the FY 2017 operating budget to the Brunswick Landing Realty Development FY 2017 Capital Improvement Plan, as recommended by the Finance Committee, which was seconded by John Moncure. The vote was unanimous of the Board members attending.

Steve Weems and John Peters congratulated and thanked MRRA staff (especially Jeffrey Jordan) for a job well done.

Audit. Hank Farrah from Runyon Kersteen and Ouellette was on hand to present the draft audit of the Financial Statements for the period ending June 30, 2016.

a. *Letters to the Board of Trustees Regarding Internal Controls and Financial Statements.* Mr. Farrah presented a draft letter to the Board of Trustees reporting Runyon Kersteen and Ouellette's (RKO) findings in relation to testing of internal controls and review of the Financial Statements under the Governmental Accounting Standards Board (GASB) requirements. Mr. Farrah reported in detail 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 (page 1). 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 (page 2).

b. *The Letter to the Board of Trustees Regarding Compliance for each Major Program as Required by OMB Uniform Guidance.*

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) *Uniform Guidance (formerly 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. Farrar noted that in their review, they identified two issues: 1) an under reporting of expenses in the Annual Report provided to the FAA which was filed by Hoyle Tanner Associates; and 2) a cash management issue in which a payment to a vendor was made after the receipt of federal funds from the FAA.

The Letter also stated that RKO did not identify any material deficiencies in internal control over compliance (page 5). Finally, the Letter to the Board also reports on the Schedule of Expenditures of Federal Awards. The letter states 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 (page 5).

- c. *Management Letter.* Mr. Farrer 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 (page 1). 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. Hank reported that in their testing of payroll there were two instances of hours that varied from the hours submitted to the payroll processor (of less than one hour). They recommended that management review all time sheets and reconcile hours recorded to the summary submitted to the payroll processor.

d. *Financial Report.*

The report on Financial Statements begins with a two page letter to the Board of Trustees. The Letter describes both management's and the auditor's responsibility in the preparation of financial statements. Runyon Kersteen and Ouellette stated that "in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Midcoast Regional Redevelopment Authority as of June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America."

The Financial Report presents a statement of revenue, expenditures, assets and liabilities of the organization consistent with GASB 34, a format of governmental accounting that presents financial information in a format like a private business, rather than the historical method of governmental fund accounting, which did not capitalize or depreciate equipment or infrastructure. Mr. Farrah stated that overall Runyon Kersteen and Ouellette have provided MRRA with an unmodified (clean) audit opinion.

Action Item: Steve Weems made a motion that the Board of Trustees accept the Audited Financial Statements prepared by Runyon Kersteen and Ouellette for the period ending June 30, 2016, as recommended by the Finance

Committee, which was seconded by John Moncure. The vote was unanimous of the Board members present.

Executive Committee.

Chair John Peters noted that the Executive Committee met four times since the last Board meeting—on June 29, August 2, September 6 and October 4. He reported the following highlights from the meetings:

- At the June 29th meeting, the contract was awarded for sewer improvements to St. Laurent & Son, and the Committee authorized the purchase of a CNC Mill from Southwestern Industries for TechPlace.
- At the August 2 meeting, Purchase and Sale agreements were discussed for Lot 17 (TBW, LLC), and Lots 6 and 7 (Priority), as well as the lease for building 86 (Washburn Doughty). The Committee also discussed the Town Council approval of the TIFs.
- At the September 6 meeting, the contract for radiant heat for Hangars 4 and 5 was awarded to Atlantic Mechanical.
- At the October 4 meeting, a MRRA Growth Fund Loan was approved in the amount of \$50,000 to Pantheon Guitars.

November 16 Retreat/Annual Meeting: Because not all Board members could attend the retreat, it was decided to cancel it and reschedule for a later date. The MRRA annual meeting will still be held at 2:00 p.m., followed by the annual dinner at 4:00 p.m.

Executive Director's Report. Executive Director Steve Levesque gave the following update.

- **Federal Property Conveyances/Leases**

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. It is clear that the PFC issue will still substantially delay the issuance of future FOSTs and related property transfers. Based upon recent discussions with the Navy, they hope to be able to affect a significant property transfer next fall.

Public benefit conveyances of land and buildings have been made or are in the process of being conveyed 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.

MRRA received an additional 10 acres in a recent LIFOC that includes property occupied by TechPlace, North East Mobile Health Services, Pantheon Guitars and Affordable Midcoast Housing.

- **TechPlace**

TechPlace now consists of about 94,000 sf of office, industrial and common spaces. We are excited to report that we currently have 30 companies located in the facility and we continue to see significant interest from additional companies. It's also exciting that several existing companies have expanded their original presence and have taken more space. Currently, these businesses occupy over 25,000 SF, or over 50% of the available non-common spaces.

We have now 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 recently completed the demolition and new construction to open an additional 25,000 sf of industrial space adjacent to Hangar 4 for additional occupancy that includes an additional meeting space and six large manufacturing spaces (it was noted that some TechPlace companies are outgrowing their current spaces and need more space). The final piece is to outfit the shared composites lay-up facility and re-establishment of the paint facility. We have applied to the Maine Technology Institute for a cluster grant to assist with this important element.

In addition to our tenants' use of the facility, TechPlace is continually being utilized by a number of partner organizations for training and networking events.

Local Community Updates

- **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. These amendments resolve the outstanding aeronautical issue. Steve said that he is very happy about MRRA's strong partnership with the Town of Brunswick.

Redevelopment Activity Review

- **General Overview**

Property lease and sale activity continues to be very brisk at Brunswick Landing and the Topsham Commerce Park. We currently have over 405,183

SF under lease to 32 direct tenants and over 95 entities doing business on the former base properties. Collectively, these entities employ approximately 998 people on a full-time basis and 225 on a part-time basis for a total of 1,213.

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 370 acres of land and 40 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.

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.

It was also noted that the back-gate entrance would remain open during the winter months.

New private and public construction activity completed or occurring in 2016 include:

- completion of the anaerobic digester facility by Village Green Ventures;
- construction of a 50,000 SF memory care facility on Admiral Fitch Avenue by Avita Brunswick;
- 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;
- construction of new convenience store and gas facility on Bath Road by the Priority Group;
- renovation of the former Hobby Shop by the Priority Group to accommodate North East Mobile Health Services;
- acquisition and renovation of former police station by the Priority Group to accommodate multiple tenants;
- acquisition and renovation of former small arms range (for a brewery) and Navy internet office (for an office building) by Thomas Wright;
- renovations of former Navy wood shop by MRRA and Bourgeois Guitars;

- renovations of the former ground support equipment maintenance facility by MRRA and Washburn & Doughty;
- construction of a new snow removal equipment building by MRRA;
- continued renovations to TechPlace 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;
- renovations to the wastewater collection system by MRRA, and
- Airfield drainage improvements by MRRA.

- **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. All these efforts are starting to bear fruit, as we have now hosted several visits from foreign companies that we met at these shows.

Staff continues to market in country as well and have attended multiple trade shows for our target industries. In addition, all the recent good news has sparked numerous additional inquires for property and buildings.

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

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

Lois Skillings, Secretary