

**Northern Maine Development Commission  
Executive Board Meeting Minutes of  
October 13, 2011**

**PLACE:** NMDC Offices – Caribou, Maine  
**DATE:** October 13, 2011 3:00 p.m.

**Attendance:** Chair Jim Tweedie, Don Adams, Jim Bennett, Keith Brown, Mary Anne Buck, Steve Buck, Tom Clowes, Herman Condon, Casey Cote, Ralph Dwyer, Norm Fournier, Denis Gagne, Jim Gardner, Don Guimond, Charles Harris, Doug Hazlett, John Herold, Max Lynds, Ray Mersereau, Jeff Packard, Christy Sirois, Paul Soucy, Stephen Stanley, Patricia Sutherland, Christina Therrien, and Paul Underwood.

**Others Present:** Phil Bosse-Senator Collins' Office, Kim Rohn-Senator Snowe's Office, Barb Hayslett-Congressman Michaud's Office, Bob Clark, Judy Dinsmore, Duane Walton, Denis Berube, Connie Akerson, Mike Eisensmith, Julie Corey, Ryan Pelletier, Ruby Bradbury and Natalie Bazinet-Aroostook Republican.

1. Call to Order and Introductory Remarks:

Chair Tweedie opened the meeting at 4:00 p.m. He thanked everyone in attendance and asked for introductions.

2. Appointment of Keith Brown of Washburn to the Executive Board:

MOTION:

Motion made by Mr. Harris, seconded by Mr. Packard to appoint Keith Brown of Washburn to the Executive Board.

VOTE:

Motion voted on and passed.

3. Approval of Executive Board of Directors Meeting Minutes of August 11, 2011:

Mr. Clark indicated the correction on page 4. The motion under agenda item 5-A should have been made by Jim Bennett and not Jim Tweedie.

MOTION:

Motion made by Mr. Packard, seconded by Ms. Sutherland to approve the Executive Board of Directors meeting minutes of August 11, 2011 as amended.

VOTE:

Motion voted on and passed.

4. Authorization to Apply for an EPA Brownfield Environmental Site Assessment Grant in the Amount of \$400,000:

Ms. Akerson presented this to the Board indicating that NMDC is seeking \$400,000 to conduct a community-wide brownfields assessment in NMDC's service area. The Northern Maine Brownfields Initiative will identify and review potentially contaminated sites located within the service area, screen sites for assessment using pre-determined selection criteria and make recommendations for mitigation, remediation and effective re-use of the properties. Ms. Akerson indicated it is anticipated that NMDC will complete 12 Phase I ESA's and 12 Phase II ESA's during the duration of this project.

MOTION:

Motion made by Ms. Sutherland, seconded by Mr. Soucy to authorize the submission of the EPA Brownfield Site Assessment Grant in the amount of \$400,000 as presented and to authorize the Executive Director to execute all documents pertaining thereto.

VOTE:

Motion voted on and passed.

5. Acceptance of the Agencywide Revenue and Expenditure Statement for the Period Ending September 30, 2011:

Benchmark for the period ending September 30, 2011 is 25%.

We are waiting for signed contracts for the EDA Planning Grant, SBDC and CDBG grants. Thus the \$119,571 is in the Incurred But Not Yet Received column.

Municipal dues are at 95.3%. Communities pay their dues at the beginning of the fiscal year, therefore the reason for this percentage being high.

County Dues from Aroostook County is paid on a quarterly basis. We should be receiving funds from them shortly.

Other income is from the World Acadian Congress funding. Once the budget from this funding is received it will be included in the Operating Budget.

Total revenues for the period are \$1,026,656 representing 18.9% or 6.1 percentage points below the benchmark.

Non-personal vehicle is over budget due to one of the vendors did not send NMDC \$960 worth of invoices that occurred from December, 2010 to June, 2011 until September, 2011.

Conference registration is up as the majority of this is for a conference for the Business Finance Department that occurs at the beginning of the fiscal year.

Professional fees comes at the beginning of the fiscal year and is for the annual independent audit and the WIA audit.

Dues and subscriptions are high as many of the subscriptions are made annually at the start of the fiscal year.

Cell phones are over budget. Some of this can be attributed to the additional phone for the World Acadian Congress staff. This line item will be closely reviewed.

The negative line item for service providers is a correcting entry for June.

Total expenditures for the period were \$1,082,507 or 18.8% of the budgeted expenses or 6.2 percentage points below the benchmark.

This gives an agency balance of \$55,851.

Total combined cash for operations and APP is \$432,185.

Combined accounts receivable were \$654,059 resulting in available resources of \$1,086,245.

Operating and equipment line of credit are both at \$0.

#### MOTION:

Motion made by Mr. Buck, seconded by Ms. Sirois to approve the Agencywide Revenue and Expenditure Statement for the period ending September 30, 2011.

#### VOTE:

Motion voted on and passed.

#### 6. Finance/Audit Committee Report:

Mr. Buck announced that the Finance/Audit Committee met on October 12, 2011 to review the financial audit report for the fiscal year 2010-2011 and the banking and insurance RFPs. He stated there was discussion of submitting to the Executive Board a revised budget at the December Board meeting. As a result of significant grant awards

that were not budgeted and other proposed grant awards in the budget that were not successful, it would necessitate a budget revision.

The Committee also discussed increasing the operating line of credit in keeping with NMDC's growing revenues. Management will review with the auditors an appropriate operating line of credit and report back to the Committee for any further action and recommendation to the Board.

Mr. Buck stated that in reviewing the audit, they did not identify any deficiencies.

#### **A. Presentation and Acceptance of the FY 2010-2011 Financial Audit Report**

Ms. Bradbury stated the 14.6% increase in cash of \$360,600 is attributable to having less accounts receivable and current notes receivable at the end of this current fiscal year.

Accounts Receivable showed a decrease of 21.5%. We have less in APP receivables at the end of 2011.

She explained that there is a decrease of 35.7% or \$218,326 in Grants and Contracts Receivable. This is attributed to less receivables in grant funding. In 2010 there was \$206,172 in receivables for the EZ Appropriation.

Ms. Bradbury discussed the Loans Receivable indicating that interest receivable has decreased by 15.9%. In monies, this is a relatively small decrease of \$6,431.

Prepaid Expenses show that we paid for Director and Officers insurance for the 2012 fiscal year as well as issuance of loan funds on June 30, but not closed until July 1.

There was an increase in Fixed Assets of \$24,394 or 5.6%. The variance is for the purchase of additional video equipment for Washington County as well as new furnishings for the boardroom in Caribou.

Accounts payable is up by 8.8% or \$33,320. This is primarily due to a payment to Sunrise County Economic Council for the DECD program.

#### **Accrued Expenses:**

	Jun 2010	Jun 2011	Variance
Accrued Payroll Expenses, Payroll Taxes & Accrued Retirement Expense	\$208,077	\$228,489	\$20,412

#### **Deferred Revenues:**

Municipal & County Dues	\$62,490	\$54,446	(8,044)
Washburn Dam Project		\$25,000	25,000

**Line of Credit:**

Equipment Line of Credit	\$0	\$0
Operating Line of Credit	\$0	\$0

**Long Term Debt:**

This line item for current and net of current has a decrease of 2%. This is due to no new debt. The net result of all the changes to NMDC is a decrease in fund balances of \$285,258.

Ms. Bradbury stated that there were no reportable conditions, we are in compliance, we have no audit findings and NMDC is considered low risk.

The major NMDC program is the WIA program as these total over the \$300,000 threshold.

**MOTION:**

Motion made by Mr. Harris, seconded by Mr. Mersereau to accept the FY 2010-2011 Financial Audit Report as presented.

**VOTE:**

Motion voted on and passed.

**B. Proposals for Banking Services – 5 years**

The following banks responded to the RFP:

Bank of Maine  
Katahdin Trust Company  
KeyBank  
Machias Savings Bank  
TD BankNorth

The RFP included a Schedule A which was a sample average monthly volume. The spreadsheet showed the annual costs that ranged from \$0 to \$4,432.92.

It is management's recommendation to go with Katahdin Trust for banking services.

**MOTION:**

Motion made by Ms. Sutherland, seconded by Mr. Buck to award the banking services to Katahdin Trust Company as recommended.

VOTE:

Motion voted on and passed.

**C. Proposals for Insurance Services – 5 years**

The following RFP's were received for insurance services:

Dale Johnson of George T. Smith Insurance  
 Max Lynds of F.A. Peabody Insurance  
 Carol Austin of United Insurance  
 Betty Buzzell of Edward Jones/Hartford Insurance

F.A. Peabody was the only company that responded to the commercial general liability portion of the RFP.

Edward Jones only responded to the Retirement Portion of the RFP. They have a variety of plans, but they charge administration fees.

United Insurance submitted a response for the D&O Insurance.

It is management's recommendation that United Insurance be awarded the D&O portion of the RFP and F.A. Peabody all other coverages.

MOTION:

Motion made by Ms. Sutherland, seconded by Mr. Hazlett to award the D&O portion of the bid to United Insurance and all other coverages to F.A. Peabody as recommended.

VOTE:

Motion voted on and passed.

7. NMDC Loan Review Committee Report:

Mr. Walton reported the following requests to the Board:

Carl Anderson d/b/a Buzzells - Approved  
 Robert Palmer – Approved  
 D&L Grocery – Approved  
 Roger Beaulieu – Approved  
 Jane Caulfield – Approved  
 Portage Angora – Approved  
 SFE – Approved  
 Clukeys Auto – Approved  
 Allyson Brown - Approved

KBS – Approved  
RL Todd – Approved

Mr. Walton presented the Fund Report:

Brownfields has \$1,000,000 in which \$400,000 is available to loan out.

Contract services are with NMFC, Van Buren, Madawaska and Caribou. Total loans are 44 and \$2.2 million loaned out with \$2.9 million in total funds. He explained that there is not a lot of activity in these funds.

Mr. Walton explained that in our loan funds there are 90 loans out with 82 current, 6 delinquent and 12 write-offs.

Mr. Walton reviewed the Loan Review Committee's attendance with the Board explaining that missing 2 meetings in a row makes a board member eligible for replacement. Missing 3 in a row, the board member will be replaced.

He stated that Alan Susee and CP Harris have missed 3 in a row, but had unforeseen circumstances that caused their absence. It was the recommendation of the LRC Committee to allow Mr. Susee and Mr. Harris to continue as members.

MOTION:

Motion made by Ms. Sutherland, seconded by Ms. Buck to accept the Loan Review Committee's monthly and quarterly reports as presented and to approve the Committee's recommendation to affirm CP Harris and Alan Susee as LRC Members.

VOTE:

Motion voted on and passed.

7-A. Loan Requests in Excess of the Loan Review Committee's Authority:

Mr. Walton indicated that the KBS loan matured on September 13, 2011. Due to bad economic conditions, the borrower has asked to pay interest only for 6 months (May-June). There will be no new money involved in this request. Balance of loan is \$31,040.

MOTION:

Motion made by Ms. Sutherland, seconded by Mr. Harris to approve the recommendation of the Loan Review Committee to approve the request of KBS Enterprises, Inc. as presented.

VOTE:

Motion voted on and passed with Mr. Bennett abstaining.

Mr. Walton stated that Caldwell Auto LLC currently has a \$300,000 floor plan with NMDC to be all inclusive to purchase salvage title vehicles, clean title vehicles, parts, trailers and plows. The line of credit has a term of one year, due to the recent construction, Caldwell's is not in a position at this time to be able to pay the line off or refinance with a bank. The Loan Review Committee voted to renew the \$300,000 floor plan loan for 1 year. Interest payments will be due monthly and principal payments are made when a vehicle on the floor plan is sold.

MOTION:

Motion made by Mr. Mersereau, seconded by Mr. Soucy to approve the recommendation of the Loan Review Committee to approve the request of Caldwell Auto LLC as presented.

VOTE:

Motion voted on and passed.

7-B. SBA Community Advantage Pilot Loan Program Lender Designation:

Mr. Walton announced that NMDC was designated as a Community Advantage (CA) Pilot Loan Program lender. The CA Pilot Program will allow designated lenders access to the 7(a) loan guaranties to make loans of \$250,000 or less to businesses in underserved markets. He stated that we were also approved to become an SBA Delegated CA Lender which will allow NMDC to make CA loans on a delegated basis. This authority will be in effect after NMDC satisfactorily processes 10 CA loans through the SBA Standard 7(a) Loan Guaranty Processing Center.

8. Ratification of Service Contracts:

The following service contracts were ratified by the Board:

LDA – LMI	\$	1,750
ETA Healthcare:		
ACAP		163,129
MDOL		154,351
Aging Worker Initiative Modification:		
MDOL – Increase of		10,360
ACAP – Decrease of		10,360
MDOL – Decrease of		500
ACAP – Decrease of		500
	Total: \$	<u>318,230</u>

MOTION:

Motion made by Mr. Packard, seconded by Mr. Harris to ratify the service contracts as presented.

VOTE:

Motion voted on and passed.

9. HUD Community Challenge Grant Application for \$692,520 – Revised Workplan:

Mr. Berube presented this to the Board indicating it was a revised workplan which represents the spin off for sustainable communities that we are working on.

Aroostook and Washington counties are rural, sparsely populated regions with significant outmigration issues with higher poverty and unemployment rates. These communities are challenged with having to maintain levels of service with less and less revenue.

He stated that traditional comp plans have a number of shortfalls, especially for rural communities. The current line of thinking is towards more regionally based plans, more cost effective, easier to manage by a smaller SPO.

The joint planning effort will be more regional in its approach and based on the notion that major employment centers are the principal driving force behind community planning and exert a very significant influence on neighboring towns beyond the host community.

Mr. Berube stated that the project will target 5 employment center clusters. Those being:

Madawaska  
Presque Isle  
Houlton  
Baileyville  
Milbridge

He stated that NMDC will be the lead applicant for this program. Their goal is to generate a product that will be useful to communities by producing a template that will help expedite the production of more finite plans by municipalities to meet future SPO requirements for more regional content.

Mr. Berube explained that each plan will cover:

Demographics  
 Land uses  
 Transportation  
 Public Facilities and Services  
 Fiscal Capacity  
 Local Economy  
 Housing  
 Natural Resources  
 Cultural Resources  
 Policy Development  
 Implementation Strategies  
 Proposed Land Use Plan  
 Technical Assistance

Amount requested:

Federal:	\$ 692,520
Applicant match:	\$ 506,058
Total project:	\$1,198,578

Mr. Clark stated that this was presented at NMDC's annual meeting. The workplan has been revamped and we will get extra points because of the sustainable HUD grant.

Match will be in-kind from other organizations.

MOTION:

Motion made by Mr. Packard, seconded by Mr. Adams to approve the revised workplan and reauthorize submission thereof to HUD as presented.

VOTE:

Motion voted on and passed.

10. Jobs Innovation and Accelerator Grant Award for \$1,928,225:

Mr. Clark stated that NMDC is one of only 20 in the nation that was awarded this grant. They received 125 proposals. NMDC asked for \$2,150,000 and received \$1,928,225. This award was the highest. He stated that it was for the Renewable Energy Industry Cluster.

ETA - \$999,725 for three years

EDA - \$782,500 for two years

SBA - \$150,000 for one year

Mr. Pelletier explained that the ETA portion is under the H1B program which will help mechanical and electrical engineers, biological engineers, etc. He explained that we will be working with NMCC to offer programs at their facility.

Mr. Clark stated that it will also assist the grass pellet mill pilot project for the town of Easton. This will be for small grass pellet boilers for homeowners to utilize.

He stated that the technology is in place and has been proven, it just needs to be marketed better.

The award will also help in business development in forest harvesting. It will provide training to help those in the forest field to be trained on the machinery. Look at small diameter trees and harvesting process and use for export pellet market.

He explained that we have a year to spend the \$150,000 SBA portion which will work with entrepreneurs. If it wasn't for the efforts of Mobilize Northern Maine, we most likely would not have stood a chance in getting this award. Program start date will be within the next two months.

MOTION:

Motion made by Mr. Hazlett, seconded by Mr. Fournier to approve the JIAC workplan as presented.

VOTE:

Motion voted on and passed.

11. Acceptance of the USDA RBOG in the Amount of \$50,000:

Mr. Walton explained that this is one program with 2 grant awards. NMFC has contracted with NMDC to administer this program.

He stated that funding will be used to establish a public-private partnership to link entrepreneurs with investors and additional support to grow businesses and jobs in Aroostook and Washington Counties.

The pilot program will be in Caribou with other service communities added in the future.

MOTION:

Motion made by Mr. Harris, seconded by Ms. Buck to accept the USDA RBOG in the amount of \$50,000 as presented.

VOTE:

Motion voted on and passed.

12. Appointments to NMDC Standing Committees:

Mr. Clark stated that the Finance/Audit, Human Resources and Cooperative Purchasing committees are NMDC standing committees and only Board members are appointed to these.

He stated that Aroostook County Tourism, Loan Review Committee and Brownfields were appointed at the Annual Meeting of the Members in June. All other outside committees will be reviewed and brought back to the Board.

Finance/Audit:

Don Adams, Steve Buck, Norm Fournier, Doug Hazlett, Ray Mersereau, Christy Sirois, Paul Soucy, Patricia Sutherland and Chair Jim Tweedie-Ex. Officio.

Human Resources:

Steve Buck, Casey Cote, Norm Fournier, Paul Soucy, Patricia Sutherland and Chair Jim Tweedie-Ex. Officio.

Co-Operative Purchasing:

Ralph Dwyer, Ray Mersereau, Jeff Packard, Paul Soucy, Christina Therrien and Chair Jim Tweedie-Ex. Officio.

MOTION:

Motion made by Mr. Hazlett, seconded by Mr. Dwyer to appoint those Board members to the NMDC Standing Committees as presented on the committee list.

VOTE:

Motion voted on and passed.

12-A. Resolution Creating the Rural Transportation Planning Organization as a Standing Committee:

Mr. Clark announced that this committee was a sub-committee of the Northern Maine Empowerment Council (NMEC). It is proposed that this committee become a standing committee as the LWIB will perform the duties of the CEDS Committee..

MOTION:

Motion made by Mr. Packard, seconded by Mr. Fournier to adopt the resolution creating the Rural Transportation Planning Organization as a standing committee as presented.

VOTE:

Motion voted on and passed.

13. Designation of the Local Workforce Investment Board as the AWEDD Comprehensive Economic Development Strategy Committee:

Mr. Clark stated that this merge is due to the similarities, make up and structure of NMEC and LWIB Boards.

MOTION:

Motion made by Ms. Sutherland, seconded by Mr. Packard to designate the LWIB as the AWEDD Comprehensive Economic Development Strategy Committee as presented.

VOTE:

Motion voted on and passed.

14. Report of the Human Resources Committee:

Mr. Soucy announced that the Human Resources Committee met on October 12, 2011 to discuss a retiree health benefit proposal put forth by some NMDC employees. The proposal would provide a retiring employee, with at least 10 years of continuous service, the option to participate in NMDCs health insurance program for a period of 1 year from date of retirement.

This proposal would allow employees with longevity service to retire with health insurance paid for 1 year and allow the hiring of lesser paid employees to fill those positions, thereby creating savings in compensation for NMDC.

The HR Committee felt that this would establish a retiree health insurance benefit precedent and also not sure of the impact to NMDC given the enactment of the new health insurance law by the state.

He stated that the Committee also recommended that management seek quotes for health insurance from the Maine Municipal Association Trust, a self employed health insurance plan to compare with current coverages and premiums.

It is the recommendation of the HR Committee not to approve the proposal for retiree health insurance by the Executive Board at this time.

MOTION:

Motion made by Mr. Packard, seconded by Ms. Buck to approve the recommendation of the Human Resources Committee as presented.

VOTE:

Motion voted on and passed.

15. Other Business:

None noted.

16. Executive Director's Report:

Mr. Clark discussed the Mobilize Maine report which will be used as a marketing piece throughout the state. He indicated that the photo for Aroostook County was disappointing and has expressed his dismay to NADO.

Mr. Clark discussed the biomass article from the Biomass Magazine. The article discussed the award to NMDC in the amount of \$1.9 million to replace or supplement heating oil furnaces with wood biomass units in businesses and homes.

Mr. Clark discussed the news release from Senators Snowe and Collins which announced the \$250,000 in Northern Border Regional Commission Grant Funding.

The Town of Van Buren received a \$200,000 award to fund the construction of a vegetable processing plant. The building will be used to supply products and help expand agricultural markets for area producers.

NMFC received a \$50,000 grant to establish a public-private partnership to link entrepreneurs with investors and additional support to grow businesses and jobs in Aroostook and Washington Counties.

Mr. Clark discussed the article on Northern Maine Rail with the Board. The article discussed the new railroad and quotes Denis Berube of NMDC and Ian Simpson of Maine Northern Railway. He invited the Board to read the article at their leisure.

Mr. Clark discussed the grant award for the St. John Valley Cultural Byway. This grant involves interpretive signs for several locations along the corridor from Allagash on Route 161 to the southern boundary of Hamlin on U.S. Route 1A, including segments of State Routes 11 in Fort Kent, Route 162 in St. Agatha and US Route 1. Grant amount is \$84,000.

Mr. Clark announced that NMDC was not successful in receiving the Environmental Protection Agency's Environmental Education grant. They received 74 proposals requesting over \$5 million and had only \$219,094 to award. They were able to fund 4 out of the 74 proposals.

Mr. Clark announced that NMDC recently received a call from Joe Lallande who is under contract with Maine DoA to develop export markets for Maine seed potatoes in Saudi Arabia. Mr. Lallande contacted NMDC to see if we could provide him with photos or materials he could take with him for the tradeshow booth. Mr. Clark presented the Board with a photo of the tradeshow booth and the artwork Leslie Jackson provided.

At this time, Mr. Clark presented the Board with a team photo of staff's 2011 annual golf outing. NMDC staff thanked the Board for the opportunity to hold this annual event.

In conclusion, Mr. Clark showed the Board a picture of Chair Tweedie and his family at the Fryeburg Fair. Chair Tweedie gave a comical story as to how they ended up behind bars in the photo!

18. Adjournment:

There being no further business to conduct, Chair Tweedie declared the meeting adjourned at 4:50 p.m.

Respectfully submitted,

Chisty Sirois  
Secretary

CS/jd