

**Northern Maine Development Commission
Executive Board Meeting Minutes of
December 8, 2016**

PLACE: NMDC Offices, Caribou
DATE: December 8, 2016 12:30 p.m.

Attendance: Chair Austin Bless, Butch Asselin, Keith Brown, Mary Anne Buck, Tom Clowes, Dave Cyr, David Dionne, Larry Duchette, Ralph Dwyer, Norm Fournier, Jon Frederick, Denis Gagne, Jim Gagnon, Don Guimond, Max Lynds, Jim Nadeau, Ryan D. Pelletier, Ryan E. Pelletier, Gary Picard, Jim Risner, Wendell Spooner, Patricia Sutherland, Jim Tweedie and Fred Ventresco.

Others Present: Robert Clark, Jon Gulliver, Robert Dorsey, Judy Dinsmore, Josh Nadeau, Alain Ouellette, Jay Kamm, Julie Corey, Mary Dahlgren and Chris Bouchard-Aroostook Republican.

1. Call to Order and Introductory Remarks:

Chair Bless brought the meeting to order at 12:30 p.m. He instructed those who wish to receive travel reimbursement to pass their voucher in.

2. Approval of Executive Board of Directors Meeting Minutes of October 13, 2016:

Chair Bless asked if there were any errors or omissions. Mr. Gagnon indicated agenda item #4-A. It should read "Trailers and plows will be excluded".

MOTION:

Motion made by Mr. Gagnon, seconded by Mr. Nadeau to accept the October 13, 2016 Executive Board minutes as amended.

VOTE:

Motion voted on and passed.

3. Acceptance of the Agencywide Revenue and Expenditure Statement for the Period Ending October 31, 2016:

Ms. Dahlgren stated these financials were also discussed with the Finance/Audit Committee earlier this week.

The benchmark for the period ending October 31, 2016 is 33.33%.

Revenues below the benchmark for the period were:

- Federal grants – there are several large Planning Department grants that we have not received word on yet.
- State grants – we did not receive the \$125,000 Maine Tourism Partnership grant until August 31, 2016.

- Foundation Income – this is associated with a Northern Girl, LLC contract for pass thru funds from a Sewall Foundation grant.
- County Dues – the County of Aroostook does not pay their dues until October.
- NMDC Cash Contributions – the EDA grant has dollars budgeted in this revenue category, but contribution will only be recorded on a quarterly basis when reporting is due to EDA.
- In-kind Income – a large part of this budget is for an EDA grant that we have not received word on yet.

Total Revenues are \$853,756 representing 33.52% or 0.19 percentage points above the benchmark.

Expenses above the benchmark for the period were:

- Supplies & Equipment – the Business Finance Division purchased new laptops with the Micro TA grant totaling \$6,785. These were part of this budgeted line item and had to be expensed because they were purchased with the program's funds.
- Office Supplies – nothing was budgeted for direct costs for this line item. The Maine Tourism partnership grant purchased letterhead for Aroostook County Tourism.
- Internet Access – nothing was budgeted for direct costs for this line item. The PTAC now pays for Dana Delano's internet access out of the program's funds, which reduces NMDC's indirect costs.
- Cell Phone – this is up slightly due to roaming charges assessed when close to the Canadian border. Verizon has a new plan that covers these costs at no additional charge to us. A few new phones were purchased and we are waiting for credits to be issued from Verizon to pay for these phones.
- Other Expense – the \$45.34 expense is to correct a coding error from the Fish River Byway contract from last year.
- In-Kind Expense – NMDC received a larger than expected in-kind income and expense for MEP.
- Indirect Costs – this is high due to the \$8,925 expense for the audit and some annual insurance premiums.

Total expenses for the period were \$727,331 or 30.85% of the budgeted expenses or 2.48 percentage points below the benchmark.

Agency Balance of \$126,425
 Accounts Receivable of \$314,658
 Cash on hand (\$424)
 Total Available Resources of \$314,235
 Accounts Payable of \$132,234
 Due Vendors \$22,803 (current)
 Pass Thru Funds of \$4,000 (Washburn Dam project)
 Loan Administration Payable \$28,744 (to NMDC)

TA Payable of \$76,687 (to NMDC)
 Operating Line of Credit \$749,000
 Equipment Line of Credit \$0.00

Indirect Cost Pool \$202,222
 Base for Distribution is at \$285,832
 Year to Date Indirect Cost Rate would be 70.7484% based on basis for distribution
 Fixed Indirect Cost Rate is 50.1%
 Fixed Indirect Costs applied \$143,202
 Under Applied Indirect Costs \$59,020
 This includes \$24,064 in depreciation expenses

Assets of \$13,000,000

Ms. Dahlgren stated the Finance/Audit Committee is working on an indirect cost recovery program, reversing out this year's depreciation. We will need an accounting disclosure.

MOTION:

Motion made by Mr. Gagne, seconded by Mr. Dionne to accept the Agencywide Revenue and Expenditure Statement for the Period Ending October 31, 2016 as presented.

VOTE:

Motion voted on and passed.

4. Report of the Loan Review Committee:

Ms. Corey presented this to the Board.

Loans approved under staff authority:

- North Woods Trading Post: Convenience store, gas station, diner in Piscataquis County - restructuring and refinancing, working capital to purchase inventory for online store
- Bacon Auto: Expansion in Presque Isle
- Brent Johnson: New loan to purchase land in New Sweden for a storage facility

Loans approved by Loan Review Committee:

- G-Force Laser Tag Corp: Interest only for December and January and increase total payments from the current payment which will still keep them within the amortized term of loan
- North Woods Trading Post: Loan to pay off the seller financing
- Ryan Cousins: Garbage collection service in Woodland.
- Current loans are at 95.17% of portfolio
- Delinquent: 3.52%

- In default 1.355%: Echoshell – they plan on restructuring and paying us off by end of month.
- Charge Offs: There are no new charge offs.
- Current Charge Offs are in the process of paying us off or have indicated they will be doing so.

Resignation letter: LRC received a resignation letter from Barb Nardone. The Committee is in line with the correct number and representation without replacing her at this time. The LRC members will bring names of possible members to NMDC staff.

Mr. Nadeau discussed SBDC's 2017 goals and where the NMDC center falls within these goals and benchmarks. This is for the fiscal year beginning July 1, 2016.

The benchmark is at 42% for the year. We have 27 long term clients or 45% of the benchmark. 18 business starts or 53% of the goal. Capital infusion is 54% of total goal. 44 jobs retained or 55% of total goal.

He explained that business development across the state is looking good.

Mr. Nadeau stated Bacon Auto started out as an SBDC client. He did a cash flow analysis for them. Currently they sell running boards, fender flares, shocks, etc., and have sold 7 vehicles out of this location.

Mr. Clark stated SBDC State Director performed a Center review with us and there were no problems. They were very pleased with our progress.

MOTION:

Motion made by Mr. Fournier, seconded by Mr. Gagnon to accept the Loan Review Committee's report as presented.

VOTE:

Motion voted on and passed.

5. Ratification of Service Contracts:

There were no contracts to ratify.

6. Report of the Finance/Audit Committee:

Mr. Dwyer, Treasurer and Chair of the Finance Audit Committee reported the Finance/Audit Committee met on December 6, 2016 to review the Indirect Cost Recovery Plan and restructuring of the lines of credit. The Committee also reviewed the EPA Brownfields Monitoring Report and Management's response.

MOTION:

Motion made by Mr. Tweedie, seconded by Mr. Nadeau to accept the report of the Finance/Audit Committee as presented.

VOTE:

Motion voted on and passed.

a. Indirect Cost Recovery Plan

Mr. Clark indicated the need to increase the indirect cost to 60% from 50.1%. We will decrease salaries that are charged to indirect and increase those salaries that have not been charging to indirect by \$5,000/month.

The indirect cost pool for distribution is \$202,222. Distribution base is \$285,832. This gives us a 70% indirect cost rate. This process can change in July, 2017.

There is no expense depreciation for this year, but will be taken out of indirect cost recovery. For the year, approximately \$107,520 can be applied across the grants.

The 60% will become effective July 1, 2017 and will end as of June, 2018.

If we are successful, within 5 years we will be in a fully recovered position.

Mr. Frederick asked if the annual depreciation is on line with \$75,000/year. Mr. Clark stated it was and is based on everything staying the same as this year and does not include new revenue growth.

MOTION:

Motion made by Mr. Fournier, seconded by Mr. Gagnon to approve the indirect cost recovery plan as submitted.

VOTE:

Motion voted on and passed.

Mr. R.D. Pelletier asked if USDA will not approve this. Ms. Dahlgren indicated they always have. Going forward it will be decided on at the federal office and not in Bangor.

Chair Bless stated the Board will need to stay on top of this so it will be accomplished.

b. Lines of Credit

Mr. Clark announced he and Ms. Dahlgren met with Craig Staples of Katahdin Trust Company to discuss the lines of credit. This was brought before the Finance/Audit Committee for their approval.

Renew and reduce the \$850,000 working capital line of credit to \$350,000, until December 31, 2017. This will be priced at Prime, 3.75% floor and no ceiling. There will be no 30 day out of debt requirement, just an Allonge will need to be signed.

Renew and reduce the \$100,000 equipment revolving line of credit to \$10,000, until December 31, 2017. This will be priced at Prime, 3.75% floor and no ceiling. There will

be no 30 day out of debt requirement. Principal payments will be reduced to \$166.66 when used. An Allonge will need to be signed.

Renew and reduce the \$500,000 SBA Community Advantage Loan line of credit to \$250,000 until December 31, 2017. The line will be priced at Prime, 3.75% floor with no ceiling. There will be no 30 day out of debt requirement. An Allonge will need to be signed.

A \$650,000 term loan that will be used to pay down the working capital line of credit, with monthly interest only payments until July, 2017 and then starting in August, 2017 the loan will be amortized over 7 years with monthly principal and interest payments. This will have a \$100 documentation fee payable at loan closing. New loan documents will be required that will be prepared by Katahdin Trust company. Two interest rate options were offered:

Option 1 – Prime 3.75% floor and no ceiling

Option 2 – 4.50% fixed for 5 years then converting for the final 2 years to the 5/5 Federal Home Loan Bank of Boston Index with a 4.50% floor and no ceiling

The bank is requiring our deposit accounts for 5 years and there will be no service fees.

MOTION:

Motion made by Mr. Tweedie, seconded by Ms. Buck to approve the restructure of the lines of credit as presented.

VOTE:

Motion voted on and passed.

7. Report of the Human Resources Committee:

Mr. Risner stated the Human Resources Committee met on Tuesday of this week and reviewed the Office Manager, Loan Officer-Business Development Director, Loan Officer-Closing Agent, Portfolio Manager (formerly Business Finance Assistant), SBDC Center Director/Business Advisor and the Accountant job descriptions.

The Committee recommended minor changes and approved the job descriptions as revised.

The Committee reviewed the revised Position Ranges and Compensation Schedule, which will be presented by Mr. Clark. The Committee recommends the position Ranges and Compensation Schedule be adopted by the Executive Board.

MOTION:

Motion made by Mr. Gagne, seconded by Mr. Nadeau to accept the report of the Human Resources Committee as presented.

VOTE:

Motion voted on and passed.

a. Salary Survey Results and Salary Plan

Mr. Clark reviewed the position range and compensation schedule stating the maximum ranges were reduced and the mid-point were revised. The Salary Plan mirrors what we had in the past.

MOTION:

Motion made by Mr. Nadeau, seconded by Mr. Gagnon to approve the Salary Plan as presented.

VOTE:

Motion voted on and passed.

8. Report of the Community Engagement Committee – Strategic Planning:

Mr. Frederick reported the Community Engagement Committee, which is serving as the Strategic Planning Committee, met on November 22, 2016 and discussed the following:

Community Bridge newsletter will now be sent out electronically. Previously it was mailed out to 450 people by regular mail.

It was decided to post NMDC schedules and calendars on social media, as a lot of communities do, to better inform and engage others.

The Committee also discussed a strategic planning initiative for NMDC focused on the organization and not on the region as there are CEDS and Mobilize Maine efforts focused on the region. The Committee also reviewed the strategic plan outline that the Greater Portland Council of Governments is currently undertaking.

It was the consensus of the Committee to seek an outside consultant to assist with the development of the Strategic Plan.

Mr. Frederick moved the Community Engagement Committee be authorized to go out to RFP for consultant services, conduct the consultant selection process and award a contract for strategic planning services working with Management to identify funding sources.

MOTION:

Motion made by Ms. Sutherland, seconded by Mr. Risner to accept the report of the Community Engagement Committee as presented.

VOTE:

Motion voted on and passed.

9. EPA Brownfields Monitoring Report:

Ms. Dahlgren stated we received the results of the monitoring, conducted on July 21-24, 2016, on November 18th and had to replay by December 2nd. The report indicated we had one weakness that needed improvement for compliance with the grant requirements. NMDC received two advanced drawdowns in the amount of \$9,089 and \$3,215. The grant requires drawdowns to be done as they are needed. We needed to supply them with a list of expenses we used the money for. By the end of July the money and more was used on allowable costs. We have yet to hear back regarding our response, but we see no problem with it.

MOTION:

Motion made by Mr. Frederick, seconded by Mr. Nadeau to approve Management's response to the EPA monitoring report as presented.

VOTE:

Motion voted on and passed.

10. Project Amendment to the Comprehensive Economic Development Strategy
CEDS Amendment:

Mr. Gulliver explained we were informed that Loring Commerce Centre will be making improvements to their infrastructure including buildings and facilities to accommodate the development and growth of a multi-faceted manufacturing project involving multiple business enterprises engaged in manufacturing and rebuilding of transportation equipment and vehicles. Up to \$5,000,000 (50% match) will be needed for generic renovations and improvements to buildings, facilities and supporting infrastructure. An EDA pre-application will be done. The CEDS will need to be changed to include this project. The estimated annual payroll associated with the 925 new jobs projected is approximately \$46,000,000. The overall impact on GDP for this project is estimated at \$155,000,000 by Year 4.

LDA will be submitting the application, but NMDC will be reviewing it.

Mr. Gulliver reminded the Board a survey will be going out again to find out what NMDC can do to help with their projects, etc. It is important for the survey to be filled out as it helps to strengthen our CEDS.

MOTION:

Motion made by Mr. Tweedie, seconded by Mr. Gagnon to approve the CEDS amendment as presented.

VOTE:

Motion voted on and passed.

11. Solid Waste Management Grant Proposal - \$86,000:

Mr. Kamm reported these grant funds will be used to stimulate review of food waste in restaurants, institutions and other businesses. A team of food auditors will look at food

wastes and make recommendations for changes/options. The goal is to reduce food waste before it actually becomes a waste. A second goal is to determine where unused food (non-perishable) could be reused (i.e., food banks, soup kitchens). Other uses for perishable food may be used for livestock.

Online backyard composting training will also be done. New machines that work better than the earth machines will become available.

Also a Waste Management Technical Assistance program will be done. These funds will allow NMDC to partner with the MDEP, NMSWMC and Catholic Charities of Maine. NMDC will develop public service announcements designed to inform the public of the unintended consequences of donating clothing and other materials after a major event (i.e., blizzard, flood, etc.) NMDC will provide technical assistance and training opportunities to the NMSWMC, a group of transfer station and landfill operators, to enhance their operator skills and provide educational materials to the general public.

We are seeking \$86,000 with work beginning October 1, 2017 and would run one year. We should be notified in March/April of 2017.

Partners: MDEP, Tri-Community Sanitary Landfill and Recycling, Valley Recycling, Aroostook Valley Solid Waste Disposal District, Catholic Charities of Maine, University of Maine at Presque Isle, City of Presque Isle and Maine DEP.

MOTION:

Motion made by Mr. Cyr, seconded by Mr. Risner to authorize submission of the grant proposal and to authorize the Executive Director to execute all necessary documents pertaining thereto.

VOTE:

Motion voted on and passed.

12. Federal Bike Route Designation Proposal - \$100,000:

Mr. Kamm announced NMDC was approached by MDOT to work with them on a federal bike route designation in northern Maine. We could be at times going outside of our service area.

US Bicycle Route 1 is already developed running from Florida to Maine. It is one of 2 in the country, Bike Route 76 is the other one. Maine's current US Bicycle Route 1 runs from Kittery to Calais.

NMDC would designate a route starting in For Kent and go to Bangor where it will connect to the US bike route in Bangor. We will need to tie into local amenities. Also safety needs to be included. This is a tourism related project. Municipalities will not be asked to build any infrastructure or maintenance charges.

We will identify assets and routes. We have been working with some groups in Van Buren, Caribou and Presque Isle, and will work with other nearby communities to link with the route. NMDC will develop and submit the application.

This is a two year project beginning in early 2017 and will need to be completed in 2019 or thereabouts. Maine DOT is proposing a \$100,000 contract.

Ms. Buck inquired if the snowmobile trails and rail beds could be used. Mr. Kamm indicated a corridor will be designated and could include these other trails. This will not include easements. This will not put bike lanes in our area, but in some communities downstate it will. This is because the funding is not available and we don't want to reduce our travel lanes.

MOTION:

Motion made by Mr. Tweedie, seconded by Mr. Cyr to authorize submission of the grant proposal and to authorize the Executive Director to execute all necessary documents pertaining thereto.

13. Final Report on the USDA Rural Business Development Grant Program:

Mr. Ouellette stated nearly 1,500 farms are in the USDA Great Region, most are in Aroostook County. Washington and Piscataquis counties account for nearly 600. Farm employment in the Great Region totals 2,755. Of this total, farm proprietors account for 1,361.

This program will improve distribution channels and open up markets in Aroostook, Piscataquis and Washington counties.

He stated there has been an increase in farms being owned by young farmers. Niche growers are developing new crops.

Mr. Ouellette stated information that was gathered was keyed in to the Maine Food Atlas and producer maps with travel routes created using Caliper Maptitude mapping software.

Ms. Sutherland asked what percentage of respondents were the multi-thousand acre potato growers. Mr. Ouellette stated there are not many as they have a network different than what the small producers do.

14. Aroostook Partnership Annual Meeting Update:

Mr. Dorsey discussed Aroostook Partnership's 2016 priorities:

- Grow Aroostook population and workforce in the 20-44 years of age group
- Promote Forest Sector
- Promote Energy
- Diversified Ag
- Broadband Development

He explained the Education to Industry initiative is their main initiative:

- Virtual Job Shadow Program
- Business/Teacher Socials Promoting County Career/Job Awareness
- “Did You Know” Email Series

Also held Forest Cluster meetings:

- Supported Several Legislative Bills
- Briefed National Economic Development Assistance Team on Suggested Approaches
- Assisted Statewide Forestry Collaboration

Manufacturing:

Mr. Dorsey explained there was investing, expanding and increasing employment at Twin Rivers, Smith and Wesson and Porvair.

Diversified Ag:

Pineland Farms Growth

Maine Malt House Quadrupled their Business

New Aroostook Beef Company Located in the Valley

Nature Circle Farms Growth

Northern Girl Received Support for “Carrots for Maine School Kids” Project

Energy:

EDP Renewables continue with their project

King Pine Wind project sold

There were two major farm solar projects completed

LDA proposed leasing to a new company

Mr. Dorsey stated there was approximately \$77,000,000 in investments made this past year and 75 new jobs.

Entrepreneur of the Year:

Aroostook Partnership will be increasing the prizes for first, second and third runner up winners. This year’s winner was Buck Farm’s Maine Malt House.

Aroostook Day at the Legislature will be held on January 25, 2017 at the Senator Inn in Augusta. Also, the Legislators will be doing their tour of Aroostook County on January 12th.

Aroostook Partnership sponsored the debates this year.

15. Other Business:

None noted.

16. Executive Director's Report:

- SBDC Business Highlights regarding Autotronics (Frenchville and Bangor) and Aroostook Driving School (Caribou)
- Press release regarding new owner of Lakeside Cabins (Portage)
- Press release regarding Prime Age of Men Leaving Maine's Labor Force
- Collins and King Community Development Financial Institutions Grants (NMDC - \$124,544)
- Aroostook Day at the Legislature – January 25, 2017, Augusta. Coordinate with Ms. Dinsmore if you plan to attend.
- MDOL's recent monitoring – They found 2 issues. NMDC did not conduct a review of the Service Providers. The program ended and there was no staff to conduct it. The CLEO's did not have a copy of map quest attached to their meeting travel voucher when they submitted it for payment.
- MEP is not renewing our sub-recipient agreement. Our MEP Project Manager has been informed. Agreement will end March, 2017.
- The SBDC contract was signed on November 10, 2016 versus July 1, 2016 start.

17. Adjournment:

At this time Mr. Clark presented the Board with NMDC's electronic Christmas Card.

There being no further business to conduct, Chair Bless adjourned the meeting at 2:20 p.m.

Respectfully submitted,

Keith Brown
Secretary

KB/jd