

**Northern Maine Development Commission
Executive Board Meeting Minutes of
June 23, 2016**

PLACE: Caribou Inn and Convention Center

DATE: June 23, 2016 4:00 p.m.

Attendance: Chair Christy Sirois, Don Adams, Butch Asselin, Austin Bleess, Keith Brown, Mary Anne Buck, Dave Cyr, Dave Dionne, Ralph Dwyer, Jon Frederick, Don Guimond, Max Lynds, Martin Puckett, Wendell Spooner, Patricia Sutherland, Jim Tweedie and Fred Ventresco.

Others Present: Barbara Hayslett-Senator King's Office, Gary Picard-St. Agatha, Bob Clark, Alain Ouellette, Judy Dinsmore, Julie Corey, Mary Dahlgren

1. Call to Order and Introductory Remarks:

Chair Sirois brought the meeting to order at 4:00 p.m. and instructed those who wished to receive travel reimbursement to hand their vouchers in to Ms. Dinsmore.

2. Approval of Executive Board of Directors Meeting Minutes of May 12, 2016:

Mr. Clark announced that Barb Hazlett of Senator King's office was in attendance at the May 12, 2016 meeting, but her name was inadvertently left off of the minutes. The correction will be made to the original document.

MOTION:

Motion made by Mr. Dionne, seconded by Mr. Frederick to accept the Executive Board of Directors meeting minutes of May 12, 2016 as amended.

VOTE:

Motion voted on and passed.

a. Amendment to the April 14, 2016 Executive Board of Directors Meeting

Mr. Clark stated the April 14, 2016 Executive Board meeting minutes has an amendment to agenda item 9 – Northern Forest Products Industry Cluster EDA Investment for \$200,000. The motion should include the following which is in italics: ...authorize the Executive Director to execute all necessary documents pertaining thereto *including applications for match funds such as CDBG, NBRC, etc.*

MOTION:

Motion made by Ms. Sutherland, seconded by Mr. Cyr to approve the amendment to the meeting minutes of April 14, 2016 as presented.

VOTE:

Motion voted on and passed.

3. Acceptance of the Agencywide Revenue and Expenditure Statement for the Period Ending April 30, 2016 – Tabled from May 12, 2016 Meeting:

Ms. Dahlgren reported this agenda item was tabled from the last Executive Board meeting due to the short timeframe in which the financials were received by the Board Members. The benchmark for the period April 30, 2016 was 83.33%

Total revenues were at \$2,968,978 representing 67.92% or 15.41 percentage points below the benchmark.

Total expenses for the period were \$3,070,690 or 72.93% of the budgeted expenses or 10.4 percentage points below the benchmark.

Agency balance of (\$101,712)
 Accounts receivable is \$317,919
 Cash on Hand is \$2,034
 Total available resources is \$319,953
 Operating line of credit is \$740,000
 Equipment line of credit is \$0.00

Indirect cost pool is \$640,992
 Base for distribution is \$886,713
 Year to date indirect cost rate would be 72.2886% based on the base for distribution
 Fixed indirect cost rate is 50.1%
 Fixed indirect costs applied \$442,243
 Under applied indirect costs \$196,749

MOTION:

Motion made by Mr. Dionne, seconded by Mr. Frederick to approve the Agencywide Revenue and Expenditure Statement for the period ending April 30, 2016 as presented.

VOTE:

Motion voted on and passed.

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

The benchmark for the period May 31, 2016 is 91.67%

Total revenues are \$3,217,744 representing 73.61% or 18.06 percentage points below the benchmark.

Total expenses for the period were \$3,372,572 or 80.10% of the budgeted expenses or 11.57 percentage points below the benchmark.

Agency balance of (\$154,828)
 Accounts receivable is \$364,991
 Cash on Hand is \$9,417
 Total available resources is \$374,408
 Operating line of credit is \$765,000
 Equipment line of credit is \$0.00

Indirect cost pool is \$704,574
 Base for distribution is \$954,615
 Year to date indirect cost rate would be 73.8071% based on the base for distribution
 Fixed indirect cost rate is 50.1%
 Fixed indirect costs applied \$478,262
 Under applied indirect costs \$226,312

MOTION:

Motion made by Ms. Sutherland, seconded by Mr. Tweedie to approve the Agencywide Revenue and Expenditure Statement for the period ending May 31, 2016 as presented.

VOTE:

Motion voted on and passed.

5. Report of the Loan Review Committee:

Ms. Corey presented to the Board indicating two loans were closed:

Mandy Crane and Lacey Clark (Houlton) – working capital to remove the mold issue at their daycare
 James Whitmore (Perham) – working capital to purchase additional equipment

New Requests:

Paul Morgan (Caribou) – purchase of DoDo's Market and reopen redemption center: approved

Other:

Westar Logistics, Inc. (Houlton) – two month extension on proceedings: approved

Current Portfolio:

Loans: 131
 Delinquent loans: 1
 Default loans: 2
 Echo shell has caught their loan up
 Hill Top Lanes continues to be in arrears, but they continue to pay

Ms. Corey reported the unfunded commitments are high with the towns we service.

Fund Report:

Total outstanding is \$9,423,792

Amount left to draw is \$1,102,000

Outstanding loans are 237

Ending bank balance is \$1,927,360

Loans charged off: Ken Dionne, Yusefs Hospitality and F1 Partnership, Slopes, Starch Partners, Tamarack Hill, and Aaron Howlett (Mars Hill House of Pizza).

Ms. Corey reported Jim Gardner of Easton resigned from the Loan Review Committee (LRC). The LRC is recommending to the Executive Board that Jim Gagnon of Wallagrass fill the vacancy.

MOTION:

Motion made by Mr. Cyr, seconded by Mr. Guimond to accept the Loan Review Committee's report as presented and to approve the recommendation of Jim Gagnon to the LRC filling the vacancy left by Jim Gardner's resignation.

VOTE:

Motion voted on and passed.

a. Request in Excess of Loan Review Committee's Authority

KBS Enterprises – Mr. Simmons is currently in the process of restructuring his debt. He will pay off his debt to TD Bank, City of Presque Isle and NMDC from a loan with Machias Savings Bank. This will leave his CEGC loan, which matured on May 21, 2016 still outstanding. Mr. Simmons is asking NMDC to pay off the loan to CEGC which is, and will be, secured by two apartment buildings in Caribou. CEGC's loan provided working capital to cover payroll and ongoing expenses for CICC and PIICC thru the spring months last year. Amount: \$121,000.

MOTION:

Motion made by Mr. Guimond, seconded by Mr. Asselin to approve the recommendation of the Loan Review Committee as presented.

VOTE:

Motion voted on and passed with Mr. Puckett abstaining.

b. Policy Change on Life Insurance Requirement

Ms. Corey reported the change in this policy will require all borrowers whose loans in aggregate total more than \$10,000 will be required to have a life insurance policy with a death benefit in the aggregate amount of the loans and assignable to NMDC.

MOTION:

Motion made by Mr. Bless, seconded by Mr. Puckett to approve the resolution regarding life insurance requirements as presented.

VOTE:

Motion voted on and passed.

c. Amendment to LRC Resolution

Mr. Clark reviewed the changes to the Resolution with the Board. He explained that these changes were approved at a previous Executive Board meeting, but the resolution was not revised to reflect the changes.

MOTION:

Motion made by Mr. Lynds, seconded by Mr. Frederick to approve the amendment to the LRC Resolution as presented.

VOTE

Motion voted on and passed.

6. Ratification of Service Contracts:

The following contracts were ratified by the Board:

Ashland Façade – CDBG Project Development Application for Improvements	\$10,000
Fort Fairfield Utilities Dist – Low-Moderate Survey of all Water District Users	<u>\$ 8,000</u>
TOTAL:	\$18,000

MOTION:

Motion made by Mr. Frederick, seconded by Mr. Bless to ratify the service contracts as presented.

VOTE:

Motion voted on and passed.

7. Report of the Finance/Audit Committee:

a. Approval of the 2016-2017 Operating Plan and Budget

Mr. Frederick reported the Finance/Audit Committee met on June 16, 2016 to review the 2016-2017 budget. Ms. Dahlgren presented the Operating Plan to the Committee highlighting the proposed revenues and expenses for the coming year.

The Committee reviewed proposed salaries and discussed the reductions in the Administration and Indirect Cost budgets from the previous year.

At this time Ms. Dahlgren presented the 2016-2017 Operating Plan to the Board.

Income:*Federal Grants*

EDA Planning - \$70,000
 EDA Economic Adjustment - \$100,000
 EPA Brownfields Community Wide Assessment - \$68,999
 Maine Manufacturing Extension Partnership (MEP) - \$75,000
 Maine Procurement & Technical Assistance Center (PTAC) - \$200,057
 USDA Rural Development Solid Waste - \$95,023
 Farm Services Agency Grower/Producer Outreach - \$99,000
 Rural Micro-entrepreneur Assistance Program TA (RMAP) - \$87,758
 SBA Micro TA - \$186,751

State Grants

Community Development Block Grant (CDBG) - \$25,000
 DECD Maine Tourism Marketing Partnership Program - \$125,000
 Maine Department of Agriculture, Conversation and Forestry - \$19,735
 Maine Department of Transportation TA - \$10,000
 Maine Department of Transportation Projects - \$30,000
 Small Business Development Center (SBDC) - \$75,000

Dues

Municipal - \$150,962
 County - \$25,280

Administration

Loan Funds - \$251,974
 Financial Packaging and Fees - \$54,017
 MEP - \$27,003
 Other RLF Administration - \$27,014 (servicing 4 municipal loan portfolios)

NMDC cash contributions - \$138,086 (\$8,106 for Business Finance Division for the Micro TA and the Brownfields RLF program. \$124,860 for the Planning & Development Division for MEP, Brownfields Assessment and the EDA Planning grants. Balance for the Operations Division for assistance with Aroostook Partnership.)

Contract Services - \$130,793

In Kind Income

MEP - \$100,000

Other Revenue Sources

Interest on Savings - \$80.00

Foundation Income - \$95,000 (Northern Girl, LLC Sewall Grant – pass thru, we receive 3% administration fee of \$2,850)
 Balance of loan interest - \$186,720

Expenses:

Planning & Development Division

Salaries/Fringe - \$504,766
 Program expenses - \$159,073
 Direct program expenditures for consultants/sub-recipients - \$223,319
 NMDC match contributions - \$120,000
 In Kind expense - \$100,000
 Indirect expense - \$287,758

Total: \$1,394,915

Business Finance Division

Salaries/Fringe - \$350,300
 Program expenses - \$350,300
 NMDC match contributions - \$8,106
 In Kind expenses - \$37,500
 Indirect expenses - \$209,776

Total: \$674,102

MOTION:

Motion made by Mr. Frederick, seconded by Ms. Sutherland to approve the 2016-17 Operating Plan as presented.

VOTE:

Motion voted on and passed.

8. Approval of Aroostook County Tourism (ACT) Board Resolution:

Ms. Sutherland, Chair of the ACT Board, indicated the ACT Bylaws were reviewed and changes have been made to help generate better attendance at the Board meetings. Sections 12 and 13 were added to the current Bylaws which states:

Section 12 – Meeting Attendance – any member of the ACT Board who misses more than two consecutive meetings may be replaced by the Executive Board of Directors.

Section 13 – Meeting Absence – any member of the ACT Board who misses 50 % or more of the board meetings in one year will not be eligible for reappointment.

MOTION:

Motion made by Ms. Sutherland, seconded by Mr. Frederick to approve the revised ACT Board resolution as presented.

DISCUSSION:

Mr. Bless indicated this same language should be included in NMDC's by-laws.

VOTE:

Motion voted on and passed.

9. Appointment(s) to the Aroostook County Tourism Board:

Ms. Sutherland announced the resignation of Lori Weston (Houlton) from the ACT Board due to scheduling conflicts. Leigh Cummings, a retired postal service employee has submitted his request to serve on the ACT Board.

MOTION:

Motion made by Mr. Asselin, seconded by Ms. Buck to appoint Leigh Cummings to the ACT Board as recommended.

VOTE:

Motion voted on and passed.

10. Aroostook County Tourism Economic Impact:

Due to time constraints, this was tabled until the next Executive Board meeting in August and will be included as part of the Aroostook County Tourism report.

11. Other Business:

None noted.

12. Executive Director's Report:

Due to time constraints, this was tabled until the next Executive Board meeting in August.

13. Adjournment:

Meeting was adjourned at 5:00 p.m.

Respectfully submitted,

Keith Brown
Secretary

KB/jd