

**Northern Maine Development Commission
Executive Board Meeting Minutes of
November 12, 2015**

PLACE: Northern Maine Development Commission

DATE: November 12, 2015 12:00 noon

Attendance: Chair Christy Sirois, Don Adams, Austin Bleess, Keith Brown, Mary Anne Buck, Tom Clowes, David Dionne, Larry Duchette, Norm Fournier, Jon Frederick, Denis Gagne, Jim Gagnon, Don Guimond, Wendell Spooner, Patricia Sutherland, Jim Tweedie, Paul Underwood and Fred Ventresco.

Others Present: Phil Bosse-Senator Collins' Office, Kim Rohn-Congressman Poliquin's Office, Bob Clark, Duane Walton, Judy Dinsmore, Bob Dorsey, Alain Ouellette, Jon Gulliver, Mary Dahlgren and Chris Bouchard-Aroostook Republican.

1. Call to Order and Introductory Remarks:

Chair Sirois welcomed everyone and directed those board members who wished to be reimbursed for travel to pass their vouchers in and checks would be mailed out.

2. Approval of Executive Board of Directors Meeting Minutes of September 17, 2015:

MOTION:

Motion made by Mr. Gagne, seconded by Ms. Sutherland to approve the Executive Board of Directors meeting minutes of September 17, 2015 as presented.

VOTE:

Motion voted on and passed.

3. Acceptance of the Agencywide Revenue and Expenditure Statement for the Period Ending October 31, 2015:

The benchmark for the period ending October 31, 2015 was 33.3%.

Total revenues are \$1,517,635.18 representing 34.72% or 1.39 percentage points above the benchmark.

Total expenses for the period were \$1,287,899.62 or 30.73% of the budgeted expenses or 2.60 percentage points below the benchmark.

This gives an Agency Balance of \$229,735.56.

Some Board members suggested they do their part to help cut costs where they could, such as no meals before the meetings, no Board Christmas gifts and possibly do away with travel reimbursement to the meetings, or possibly go with the state rate for mileage instead of the federal rate.

Discussion took place indicating some of the Board members travel quite a distance, therefore travel should be offered to those who wish to receive it. Meals are only offered before the meetings during the winter months when the time changes from 3:00 p.m. to 12:00 noon.

MOTION:

Motion made by Mr. Frederick, seconded by Mr. Bless to approve the Agencywide Revenue and Expenditure Statement for the period ending October 31, 2015 as presented.

VOTE:

Motion voted on and passed.

4. Report of the Loan Review Committee:

Mr. Walton announced \$200,000 in micro loans have been approved since the last board meeting.

Loan Requests:

Autotronics, LLC (Madawaska) – approved six month extension
 Mark & Gloria Goughan (Caribou) – approved new request
 Caldwell's (Limestone/Fort Fairfield) – approved auto renewal

Loans Closed/Approved/Denied/Modified Under Staff Authority:

Michelle Hanson (Caribou) – working capital – closed
 Northeastern Supply (Caribou) – working capital – closed
 Eric Rodd (Mapleton) – working capital – closed
 Amanda Crane & Lacey Clark (Houlton) – equipment – closed
 Michelle Greenleaf (Houlton) – debt restructure – closed
 Sullivan's Floor covering (Caribou) – construction – closed
 Sloat's Machining & Fabrication (Houlton) – working capital – closed
 Fort Kent Power Sports (Fort Kent) – working capital – closed

Mr. Walton stated the foreclosure on Tamarack Hill has not begun with the current attorney. The Loan Review Committee authorized him to find another attorney to start the process.

MOTION:

Motion made by Mr. Gagne, seconded by Ms. Buck to accept the Loan Review Committee's report as presented.

VOTE:

Motion voted on and passed.

4-A. Request in Excess of Loan Review Committee's Authority

Mr. Walton stated Caldwell's Auto d/b/a Caldwell's Annex is looking to renew their loan, which is in excess of the Loan Review Committee's Authority. The Loan Review Committee recommends this request for the Executive Board's approval.

MOTION:

Motion made by Mr. Gagne, seconded by Mr. Tweedie to approve the Loan Review committee's recommendation as presented.

VOTE:

Motion voted on and passed.

4-B. Business Finance Staff Loan Authority

Due to Mr. Walton's retirement next month, it is staff's recommendation to provide Julie Corey, Loan Officer with the authority to authorize loans of \$100,000.

MOTION:

Motion made by Mr. Gagne, seconded by Mr. Gagnon to approve the loan authority as presented.

VOTE:

Motion voted on and passed.

4-C. Authorized Signatory for Loan Vouchers

Any funds disbursed from the Business Finance Department needs to be authorized. With Mr. Walton's retirement, it is staff's recommendation to authorize Julie Corey as the authorized signer on vouchers.

MOTION:

Motion made by Mr. Gagnon, seconded by Mr. Gagne to approve the signatures for loan vouchers 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:

6-A. Acceptance of the 2014-15 Financial Compliance Audit

Mr. Frederick, Chair of the Finance/Audit Committee and Treasurer, indicated the committee met Monday with the external auditor. The auditor presented the federal compliance audit. Mr. Frederick stated the last page had an error that indicated NMDC is not a low-risk auditee, which should state we are not an at risk auditee. The audit has not been filed with the federal clearing house so this change will be effective prior to the filing. The Committee spoke to the auditor without management present.

At this time Ms. Dahlgren presented the Board with an overview of the audit.

Statement of Financial Position:

Total assets - \$13,252,402

Total liabilities - \$7,340,718

Net assets - \$5,911,684

We have unrestricted funds which are those that will be spent in less than 2 years, rolled over to a new grant or unspent funds will be sent back to the grantor. This comprises all of the grant and Community Funds. Temporarily restricted funds are comprised of the loan programs. There are significant changes in cash and cash equivalents which is due to COCMA. NMDC was holding \$618,737 of their funds at the end of 2014 and those funds were spent in 2015. Deferred cost pool increased by \$83,661 which is due in part to NMDC's contribution to EPA Brownfield Assessment grants, APP, Area 2 WIA and COCMA in the amount of \$237,686 in 2015. Notes receivable increased due to drawing down and disbursing in the SBA Micro-loan program. Accounts payable decreased due to the payment of the COCMA invoices. The line of credit increased \$398,354 due to the contributions mentioned above and the outstanding monies due from MDOL. Unrestricted funds have decreased due to the disbursement of the COCMA funds.

Statement of Activities – The decrease in federal and state grants, and the total net assets is due in part to the COCMA funds being fully drawn down in 2014.

Statement of Cash Flow – A total change in cash flow of \$726,414 is due to the \$618,737 in COCMA funds that we received in 2014, but disbursed in 2015. The other major effect on this change is the MDOL receivables.

Schedule of Findings and Questioned Costs – There were no findings or questioned costs noted and NMDC is classified as a low risk auditee.

MOTION:

Motion made by Mr. Frederick, seconded by Mr. Fournier to accept the Committee's recommendation to accept the financial compliance audit report as presented.

MOTION:

Motion voted on and passed.

6-B. Indirect Cost Recovery Plan

Mr. Frederick stated the Committee reviewed management's Indirect Cost Contribution analysis and the auditor provided a summary of the Indirect Cost Recovery Plan which will be included in the Indirect Cost Rate Proposal to be submitted to USDA Rural Development.

Mr. Clark provided the Board with the analysis stating the Audit Report lists \$664,679 as the deferred cost pool amount. The Indirect Cost Contributions Analysis lists contributions for indirect as \$574,928. The difference of \$89,751 can be attributed to the staff time spent on WIA draws and response to draw requests and monitoring findings. When contributions to indirect began, the rate was 22.9% versus the current 50.1%.

Mr. Clark explained the following:

COCMA has ended, APP has merged with LEAD and the 501 c 6 non-profit corporation will be retained. Bob Dorsey will become an employee of Aroostook Partnership and the separate non-profit corporation will provide his payroll. After November, there will not be any more contributions to indirect for Aroostook Partnership.

EPA Brownfields – NADO has submitted a request that indirect costs be allowed and are researching the Uniform Guidance for compliance issues.

MDOT only allows indirect to be calculated on salary and fringe only, not total direct charges.

He stated the plan is to keep the rate at 50.1% for the next 4-5 years, reduce the indirect costs as much as possible and recover the \$664,679 at the rate of \$133,000 per year. Indirect costs will be reviewed monthly and an Indirect Cost Rate proposal will be developed annually and submitted to the Board as has been done in the past.

Mr. Clark stated the next ICR for 2016 will contain these provisions.

Mr. Frederick indicated the committee's recommendation is to approve the proposed indirect cost recovery plan as presented.

MOTION:

Motion made by Mr. Gagne, seconded by Ms. Buck to accept the Committee's recommendation to approve the plan as presented.

VOTE:

Motion voted on and passed.

7. Adoption of Revised Policies:

Mr. Frederick stated the Committee reviewed the 4 policies and recommends that all 4 policies be adopted as presented.

Mr. Clark indicated this was a result of MDOL auditing financial procedures.

Monitoring and Reconciliations:

7-A. Accounts Receivable – Grant Debt

Mr. Clark explained what Accounts Receivable included, Establishment of Debt to NMDC, Collection of Debt to NMDC and Waiver of Sanctions Relating to Debt.

Collections:

Collections are performed on a daily, weekly and monthly basis according to a review of the outstanding items shown on the accounts receivable aging report, which will show the current month's activity for each customer and prior month's balances outstanding for 30, 60 and 90 plus days.

Customers with unpaid balances will receive statements every thirty days. After a balance is unpaid for 60 days, an employee contacts the customer by telephone/email and will attempt to collect the amount due.

MOTION:

Motion made by Mr. Gagnon, seconded by Mr. Duchette to approve the policy as presented.

VOTE:

Motion voted on and passed.

7-B. Outstanding Checks

Mr. Clark explained that at year end all checks that have been outstanding for more than 120 days will be identified and a letter will be sent to ask them to cash the check if they plan to or if they have never received the check, or if the check was lost and if they would like the check reissued. If necessary, a stop payment will be placed on the original check before a new check is issued.

MOTION:

Motion made by Mr. Frederick, seconded by Mr. Dionne to approve the policy as presented.

VOTE:

Motion voted on and passed.

7-C. Shared Direct Cost Allocation Plan

Mr. Clark announced not having this in place created the most concern for MDOL. Since we created it, it has caused additional issues.

Mr. Clark reviewed the Plan indicating the purpose of it is to summarize the methods and procedures that NMDC will use to allocate costs to various grants, contracts and agreements.

MOTION:

Motion made by Mr. Frederick, seconded by Mr. Bless to approve the policy as presented.

VOTE:

Motion voted on and passed.

7-D. Indirect Cost Rate Proposal Revision

Mr. Clark stated this has been approved by MDOL.

MOTION:

Motion made by Mr. Frederick, seconded by Mr. Bless to approve the policy as presented.

VOTE:

Motion voted on and passed.

8. Regional Transportation Priorities Survey:

Mr. Kamm stated 60 surveys were received. The survey is to obtain information from municipalities, businesses and other interested stakeholders on Aroostook County's transportation infrastructure and to determine what the region's priorities for this infrastructure are. NMDC's goal is to ensure that MaineDOT is aware of the region's priorities when they develop projects for their Capital Work Plan.

Roads ranked the highest priority mode of transportation followed by bridges, rail, airports/air services and trails. US Route 1 was listed as the top priority in the region followed by Route 11 and Route 161 with the State's priority being to improve north-south connections, improve condition of rural roads and to improve connections to rail and marine facilities (Searsport and Eastport).

Bridges over the Aroostook River received the most responses, specifically the Aroostook River Bridge in Presque Isle, followed by the Aroostook River Bridge in Caribou and Ashland.

Northern Maine Regional Airport in Presque Isle was identified as the region's top airport, followed by Houlton International and Bangor International.

Some of the transportation projects noted in the survey included:

- Expanding I-95 from Houlton north to Madawaska/Fort Kent
- Upgrade for current roads
- Rotary construction at Houlton Shopping Plaza
- Caribou Road from Cross Lake to Fort Kent
- Extension of I-95 to Presque Isle
- Route 1-A Mars Hill to Limestone with paved shoulders
- Widening road for bike and pedestrian travel
- Study and research Maine/New Brunswick/Quebec freight transport issues
- Replacement of bridges in immediate danger of failure
- Soucy Hill upgrade on Route 11
- Wider shoulders for Amish buggies and horses

Mr. Kamm stated this is the first step in the process. We need to work on studies and plans that lead to more projects being identified in MaineDOT's Capital Work Plan. Municipalities will be surveyed to find out what they want in the work study.

9. Approval of Community Guided Planning and Zoning Plan:

Mr. Kamm stated we received a letter from the Chair of the Community Guided Planning and Zoning Steering Committee asking for the Executive Board's approval of the plan.

The plan is designed to encourage a wide range of small commercial, light manufacturing and support services that are typically larger than a currently permissible home-based business, but are not large-scale commercial or industrial developments. It is hopeful that it will encourage the commercial expansion of facilities that are suitable for growth because of the proximity to hub communities, service centers or major transportation corridors. The sub-district will be located in areas where it has no undue, adverse impact on existing uses and resources.

Timeline – next meeting will be held December 9. It will then go to public comment period, and finalized and approved by March, 2016.

Mr. Fournier asked if LUPC will revise the plan once it is submitted to them? Mr. Kamm indicated they could, but it would only be minor wording changes. If there is anything substantial, it will need to come back to this Board for approval.

MOTION:

Motion made by Ms. Sutherland, seconded by Mr. Frederick, to approve the Community Guided Planning and Zoning plan as presented.

VOTE:

Motion voted on and passed.

10. APP and LEAD Merger Update and Economic Development Highlights:

Mr. Dorsey highlighted the 2015 goals and indicated all of them are being met with the exception of mining.

There has been a lot of collaboration with Education to Industry in regards to job shadowing, internships and Aroostook Opportunities website. Junior Achievement has been successful, they won first, second and third place this year in the statewide Titan Challenge.

Forestry – Have formed Forest Products Industry Cluster and have influenced DOT rules. Supported TIGER grant application. Collaborated on the new logger video and are working with high schools to get this out. The new mechanical harvest training program funded with our help.

Manufacturing – A lot of investment has gone into this category this year. Acme Monaco received 3 federal grants totaling over \$2.5 million.

Diversified Ag – Pineland Farms is growing, the Maine Malt House business has been successful and we are trying to create an inventory to get all growers to be known on the Maine Food Atlas.

Energy – SunEdson has completed the Oakfield wind project, EDP Renewables project on #9 Mountain, and are working with County Energy Solutions on a new solar company.

Goals Update – The goals that were set for 2012 were aggressive, and it has shown Aroostook County as having had the largest growth of any county in Maine in 2013.

This year has shown a lot of investments and new jobs. Mobilize Northern Maine goal is to have 3,000 more employed.

APP/LEAD Merger – This will be a one team, one board, one set of bylaws, and a collaborative voice, which will provide for less confusion. A possible economic summit is being planned for next year. The Board will grow to 21 positions so it will be more inclusive and will have more committees.

11. Great Regions Diversified Agriculture Survey:

Mr. Gulliver indicated this started two and a half years ago with meetings being held on and off. The biggest challenge is marketing and distribution. We are working with agricultural groups with Sunrise County Economic Council, and Piscataquis County Economic Development Council on the grant which is to enhance marketing and distribution. These growers have the product, but are having a hard time to market it.

The survey was sent out on Survey Monkey. The survey information will be put together in order of us to look at ways to link us to downstate.

This information will be on the Maine Foods Atlas. The atlas maps distributors including travel routes and storage capacities. We received approximately 60 surveys from growers, and hope to receive 40 more before the survey closes on November 18, 2015.

Mr. Gulliver stated we want to make current farmers more profitable in our region, and attract farmers back to the County as well. The project will be wrapped up by July, 2016.

Ms. Sutherland suggested including the survey in one of the Maine Potato Board's newsletters. She also suggested potato growers be at the table. Mr. Gulliver stated that they are looking at growers who want to diversify their crop, potatoes are already structured.

Mr. Tweedie added years ago we were a great exporter of tablestock potatoes. Today Frito Lay and others tells us how to plant, how to store and where to store. If the farmers don't want to do it their way, they have to get out.

Surveys were handed out and the link was also sent to the board members.

12. Other Business:

None noted.

13. Executive Director's Report:

- Frenchville ROI was handed out for the Board's information
- Letter to MaineDOT Commissioner regarding their intent to cut dedicated funding by 75 percent. We receive \$40,000 annually which allows us to assist the communities with transportation planning including corridor management planning and transportation related comprehensive planning and municipal ordinances to improve mobility, safety, reliability, economic opportunities and fiscal management. We also assist MaineDOT in its public outreach, municipal project request, strategic corridors, and long range planning
- Jon Frederick received the Rising Star Award from the Maine Town and City Management Association
- Maine Biz article on Smith & Wesson's growth in Houlton
- EDA Newsroom press release on City of Presque Isle (for Acme Monaco) receiving grants in the amount of \$1,549,200 to accommodate their expansion
- Maine Biz article on Investment in the County and Maine Malthouse

14. Adjournment:

There being no further business to discuss, Chair Sirois declared the meeting adjourned at 1:58 p.m.

Respectfully submitted,

Ralph Dwyer
Secretary