

**Northern Maine Development Commission  
Executive Board Meeting Minutes of  
June 26, 2014**

**PLACE:** Lakeview Restaurant, St. Agatha, Maine

**DATE:** June 26, 2014 3:00 p.m.

**Attendance:** Chair Donald Guimond, Austin Bleess, Jon Frederick, Patricia Sutherland, Jim Gardner, Max Lynds, Christina Therrien, Mary Anne Buck, Ray Mersereau, Terry Wade, Wendell Spooner, Don Adams, Larry Duchette, Jim Bennett, Christy Sirois, Jim Gagnon, Keith Brown, Tom Clowes and Norm Fournier.

**Others Present:** Barbara Hayslett-Congressman Michaud's Office, Bob Clark, Duane Walton, Judy Dinsmore, Ryan Pelletier, Jon Gulliver, Julie Corey, Mary Dahlgren, Dana Delano, Jay Kamm, Ken Murchison, Wanda Osgood, Alain Ouellette, Dave Spooner, Joella Theriault, Kristy Strid and Ruby Bradbury.

1. Call to Order and Introductory Remarks:

Chair Guimond brought the meeting to order at 3:00 p.m. He welcomed everyone 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 15, 2014:

MOTION:

Motion made by Ms. Sutherland, seconded by Ms. Sirois to approve the Executive Board of Directors meeting minutes of May 15, 2014 as presented.

VOTE:

Motion voted on and passed.

3. Acceptance of the Agencywide Revenue and Expenditure Statement for the Period Ending May 31, 2014:

Benchmark for the period ending May 31, 2014 is 91.7%

**Revenues:**

**Federal Grants** – EDA Investing in Manufacturing Communities Partnership grant (IMCP) and the USDA IMCP grant.

**State Grants** – We were not awarded the MTI grant for \$50,000.

**Municipal Dues** – Danforth and Nashville have rejoined and paid their dues.

**Contract Services** – Rest Area Maintenance Project income was reclassified from State Grants to Contract Services - \$46,560.

**Fees for Service** – was budgeted at \$87,658 under the MEP program. Due to the current state of the economy, we are seeing a decline in companies contracting for services. Since the budget amendment, we have been handling loans for the town of Madawaska and the Washington/Hancock Community Agency RMAP TA Program, hence we have been earning more in fees than anticipated. The \$8,300 is due to staff holding three Lean 101 workshops.

**Other Income** – It was not anticipated receiving income for the Area 2 Tiger Grant (\$10,366) and the Household Hazardous Waste Collection grant (\$2,852). We received \$110,000 which will be pass-thru monies. This was a fine assessed by MDEP and will be paid to the Town of Washburn for their dam project. We also anticipated the RBOG Business Entrepreneur Pilot Program be granted at a no cost extension, instead it was unencumbered and \$20,561 in expenses were used from unrestricted funds.

**APP** – APP funds is above benchmark. This time of year we begin to receive renewals from investors. The negative income for this month is due to checks coming in and being posted to cash instead of against the receivables.

**COCMA** – All of their funds (\$750,000) were taken from the Deferred Revenue account and is accounted for in this fiscal year.

**NMDC Cash Contributions** – The budget will be adjusted to reflect Area 2.

Total Revenues are \$6,749,018 representing 82.2% or 9.5% points below the benchmark.

### **Expenses:**

**Interest Expense** – Due to cash flow needs, we were assessed interest on credit cards and on our line of credit.

**Uncollectible Accounts Receivable** – We were informed that NIST will not reimburse the Maine MEP for their subrecipient contracts for 2012. Because of this, the receivables for the paper mill in Madawaska had to be written off (\$32,500 from MEP and \$34,009 from Frazer Paper). We have, however received all funds from 2013 and they are getting caught up on the 2014 funds.

**Salaries** – Salaries are over, but by adding salaries and fringe together, they are at 93%, which is slightly above the benchmark.

**Conference Registration** – The GMS conference held in May was prepaid for the Operations staff to attend. The WIA conference was also paid for as was an on-line course/conference for staff to take for project management.

**Professional Fees** – We incurred additional costs for monitoring of Area 2.

**Consultants** – The consultant for the SBA JIAC was reclassified into Direct Program Expenditures which shows a negative amount in the Current Column. We also incurred expenses for a legal firm to do an RFP for service providers for Area 2.

**Dues and Subscriptions** – These are paid at the beginning of the year. Additional costs were incurred after the budget revision for Area 2 for their memberships in various organizations in the Tri-County area.

**Heat** – This is over budget due to the cold, lengthy winter.

**Insurance** – Directors & Officers, and Professional Omission insurances are due at the beginning of the year. Coverage had to be increased due to adding the Bangor office to our policy.

**Rent** – Rent was paid for the Fort Kent office in this fiscal year, which was for the past year. We now are receiving monthly invoices for this space.

**Advertising** – Is over the benchmark due to advertising for Area 2 Executive Director, meetings and RFP.

**Tradeshaw/Mission** – This line item will be reduced by \$1,600 as it should come under Direct Program. This will then be at 44.3% of the benchmark.

**Flexible Employment Fund** – This program has concluded, therefore we will incur no additional expenses.

**Copies & Printing** – We have recently entered into a new lease agreement which will save approximately \$8,000 over the remainder of the fiscal year. The per copy charge is less and we no longer pay for toner.

**Other Expenses** – As a result of our federal monitoring, some expenses were deemed unallowable and had to be charged to the General Fund.

**Bank Service Fees** – These are being reduced by no longer using certain programs with monthly fees and not using credit card machines.

Total expenses for the period are \$6,349,365 or 81.6% of the budgeted expenses or 10.1% points below the benchmark.

This gives an Agency Balance of \$399,654. We will be using a bit over \$100,000 of the fund balance to make up the \$500,000 that is dedicated to the World Acadian Congress.

**MOTION:**

Motion made by Mr. Mersereau, seconded by Mr. Fournier to approve the Agencywide Revenue and Expenditure Statement for the period ending May 31, 2014 as presented.

**VOTE:**

Motion voted on and passed.

**4. Approval of the FY 2014 Operating Plan:**

Ms. Therrien, Chair of the Finance/Audit Committee reported the Committee met on June 10 to review the 2014-2015 Operating Plan and budget.

During the meeting, the Operating Plan was presented to the Committee highlighting the proposed revenues and expenses for the coming year. The Committee requested a schedule of employee raises for those employees who have been employed the past 5 years, comparable salaries of like organizations and that the Operating Plan reflect the fact that salary adjustments are based solely on merit and not cost of living increases.

At this time Ms. Bradbury presented the 2014-2015 Operating Plan to the Executive Board.

**Revenues:**

Federal Grants are comprised of: EDA Planning, Mobilize Maine, EPA Brownfield's, EDA Investing in Manufacturing Partnerships, balances of two Job & Innovation

Accelerator Challenge grants, MEP, PTAC, three Rural Development Grants, which includes the Northern Maine Forest Products Industry Cluster, Investing in Manufacturing Communities Partnership, Solid Waste Management, RMAP TA, SBA Technical Assistance and five grants which include both Local Workforce Areas 1 and 2. These grants include two new grants which are Veteran's Reintegration program and Women in Apprenticeship, PY 13 and PY 14 Administration and NEG.

Federal Grants total is \$5,427,207. Overall, we are projecting a \$175,666 decrease in federal revenue. Federal Grants comprise 77% of revenues.

State Grants are comprised of: CDBG TA, Tourism Partnership, Maine Department of Agriculture, Conservation & Forestry, Maine Department of Transportation TA, MTI Northern Maine Forest Products Industry Cluster and SBDC. SBDC currently has \$75,000 of the budgeted \$120,000 and the program will be reduced in staff hours if the balance cannot be obtained.

State Grants total \$381,830, which is a decrease of \$21,440 from last year's budget.

Dues: These are municipal and county – The \$166,000 is what is anticipated to be received and is 93.5% of the total assessed dues of \$176,242. This funding has been at the same level for the past 10 years.

Loan Portfolio Administration: The \$324,678 monies are for salaries, travel, indirect, etc and is taken out of the earnings from the loan programs. This shows a decrease of \$27,979 as we are taking less money out of the loan programs due to sharing an employee with Economic and Workforce Development Division rather than hiring a full-time loan officer. More time by staff will be utilized under the SBA Microloan TA program.

Financial Packaging and Fees: This totals \$70,694, which shows an increase. The MEP program is focusing more on generating fees for their services and relying less on grant funds. A loan fund is also being administered for another entity.

Aroostook Partnership for Progress investments is budgeted at \$288,214. This represents a \$13,496 increase from last year.

COCMA: Is showing a decrease of \$873,775. The program will end this fall.

NMDC Cash Contributions: EPA does not allow for indirect. Area 2 has a 35% indirect rate as they are not housed in our building. This shows a budget total of \$42,962.

Contract Services: Is being projected at \$148,894 which is down by \$14,408. These contracts are for the Rest Area Maintenance, three contracts for the Town of Ashland, Easton Comp Plan and the St. John and Fish River Byways.

MEP: Has an in-kind component of \$100,000 as well as the Solid Waste grant of \$6,000. The Tourism Partnership grant has an in-kind match of \$55,680 which includes time for the ACT committee members and their attendance at tradeshow. This is only a paper transaction.

Other Revenue Sources: It is anticipated that we will receive \$13,500 which is a decrease of \$130,956 from last year's budget. The reduction is due to the Special DEP project in Washburn.

Total amended projected revenues are \$7,041,045. This is a decrease of \$1,173,515 which can be attributed to the end of the World Acadian Congress project. This represents 14.3% decrease from last year.

### Expenditures:

Salaries and Fringe: This has a total decrease of \$10,373. Staff has been reduced due to several grants ending as well as shifting workloads.

Travel: There is a \$39 increase – costs were sifted amongst the various travel categories.

Meeting Expenses: These expenses are down as we are doing more teleconferencing.

Professional Fees: These are down by \$2,750 as we will be conducting the monitoring of service providers in house.

Consultants: Shows a \$13,500 increase, which is mainly due to hiring a consultant to conduct a MEP workshop.

Direct Program Expenditures: Due to the World Acadian Congress concluding this fall, this shows a decrease of 7%.

The Maine Tourism Partnership has a \$62,466 decrease in the 4 line items. This amount was reallocated to various other line items in the budget.

Service Providers: These expenses are increased due to new funding through the NEG program.

The fund balance will have \$696,867 come out of it, of which \$566,520 is attributable to the COCMA and the balance from the general fund.

Ms. Therrien indicated it is the Finance/Audit Committee's recommendation to the Executive Board, and she moves, the approval of the Operating Plan as presented, and that no salary increases occur for the FY 2014-2015 fiscal year until the Committee receives and reviews the additional employee information requested by the Committee. Any additional recommendations will be brought before the Board for consideration.

MOTION:

Motion made by Ms. Therrien, seconded by Mr. Frederick to accept the Finance/Audit Committee's recommendation as presented and no salary increases will occur for the FY 2014-2015 fiscal year until the Committee receives and reviews the additional employee information requested by the Committee

VOTE:

Motion voted on and passed.

It was also suggested that NMDC staff begin the budget process earlier in the year to allow more time for review.

5. Report of the Loan Review Committee:

Mr. Walton reported the Loan Review Committee met earlier today and reviewed loans made under his authority. Those being:

Jeremy Bither - deli in Houlton - Closed  
 Northeastern Supply of Caribou – equipment - Closed  
 Keith Boucher of Caribou – equipment - Approved  
 James Cheviot of Caribou – working capital – Declined

Other requests discussed and approved by Loan Review Committee:

Town of Jonesboro to purchase a piece of property that is a Brownfield site for petroleum contamination. This is the former Schoppee garage site.  
 Caldwell's balloon payment is due and is requesting extension.  
 Matt and Melissa Boutot start up of Coffins store in Ashland.  
 RMAP contract approval with Piscataquis County Economic Development Council to help administer their contracts.

MOTION:

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

VOTE:

Motion voted on and passed.

6. Ratification of Service Contracts:

The following service contract was ratified by the Board:

Town of Ashland - general administration of 2014 CDBG Public Infrastructure Grant program (water line extension and installation of an aeration system)	\$ 6,000
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MOTION:

Motion made by Mr. Gardner, seconded by Ms. Therrien to ratify the service contract as presented.

VOTE:

Motion voted on and passed.

7. Update on NMDC's World Acadian Congress Activities:

Mr. Ouellette announced there are approximately 42 days before opening day. The event will be from August 8-24<sup>th</sup> and will be in both languages. NMDC staff has been working on the economic component of the event.

This will be an opportunity for us to reach across the border to see what business opportunities exist, explore and form a relationship from a business standpoint.

Mr. Pelletier explained the Business Plan competition staff has been working on. This kicked off in April. Young entrepreneurs in the three regions were asked to submit business ideas. This process mirrors the TV show Dragons Den and American Inventor. Three winners (one each from New Brunswick, US and Quebec) will receive \$5,000 and mentoring for a year as the grand prize. They have received 17 business ideas and now the 3 regions will host a business workshop. The coordinators will be working with Rod Thompson of NMDC and other business councilors in the region to help score these business plans. There will be 3 regional semi-finalists, which will be presented on August 20<sup>th</sup> in Edmundston. The winners will be announced at this event. In the end this event will provide us with 17 potential business start ups.

Mr. Ouellette stated the Export Conference will be held on August 19 and 20<sup>th</sup>. They need ambitions and ideas of the small companies we have in our region. Canada's demographics are identical to ours. France will be contacted as they want to meet with our companies and tour the companies.

Mr. Ouellette explained the B2B2Go: This allows businesses who are registered for the CMA to be included in a database and characteristics will be extracted and matched with other businesses with similar traits. Border receptivity has been very positive.

Once the Congress has ended, there will be companies to continue the interaction.

8. USDA Solid Waste and Technical Assistance and Training Final Reports:

Mr. Kamm explained this allowed us to:

- Develop recycling promotional materials for the World Acadian Congress
- Provide waste management technical assistance for any community, school or business in NMDC's service area

- Provide technical assistance and training opportunities to the Northern Maine Solid Waste Management Committee
- Continue to promote the Safe Sharps Disposal Program

Mr. Kamm stated a feasibility study was conducted for wood pellet bags. We identified 36 pellet vendors and received information on their tonnages sold from 52% or 19 retailers. Lowes and Wal-Mart did not respond to our survey. Out of the 19 retailers, they sold 8,700 tons a year. We spoke to suppliers and found an additional 10-25,000 ton difference. We figured a recycling rate at 39% would be recycled. China is the largest buyer of recycled materials. These materials need to be as clean as possible. This lowered the recycled market and found we would receive 9 cents a pound. New Jersey receives \$1,500 to truck them, but were also at 9 cents a pound. We felt that there would be 9,200 pounds recycled in the region each year or 2 truckloads. The region would make about \$4,000 dollars.

Mr. Kamm stated at this time this is not a feasible venture, but as the product grows it will be a better effort.

He stated the medical sharps collection and paint recycling educational programs will be started this year.

#### 9. MDOL Financial Monitoring Report:

Mr. Pelletier announced we received the monitoring report in May which resulted in no new findings for 2013 and everything from the 2012 monitoring has been resolved.

#### 10. Ratification of Workforce Investment Act and National Emergency Grants Totaling \$905,835:

##### PY 14 Contracts (Aroostook and Washington Counties):

Adult - \$284,033

Dislocated Workers - \$210,068

Youth - \$321,152

Administration - \$90,582

Total: \$905,835

##### MOTION:

Motion made by Mr. Bennett, seconded by Ms. Sirois to ratify the WIA and NEG grants as presented.

##### VOTE:

Motion voted on and passed.

11. Other Business:

A. Nomination of a Chair for ACT Committee:

Mr. Clark announced the current ACT Chair is Jim Bennett who has indicated he will need to step down from this position as he has been elected President of the International City Management Association. It is management's recommendation to appoint Patricia Sutherland as the Chair of the ACT Committee.

MOTION:

Motion made by Ms. Sirois, seconded by Mr. Fournier to appoint Patricia Sutherland as Chair of the ACT Committee as presented.

VOTE:

Motion voted on and passed.

12. Executive Director's Report:

Mr. Clark discussed the 2013 Regional Tourism Impact Estimate, which indicates Aroostook County exceeded one million visitors in 2013. This resulted in \$134 million spent by visitors and supported over 2,000 jobs. It also supported \$9.8 million in additional taxes. This report will be updated every two years.

The Workforce Investment Act will be reauthorized. The new bill, entitled the Workforce Innovation and Opportunity Act (WIOA), reauthorizes federal workforce and training programs and sets recommended appropriations through fiscal year 2020. The bill needs to be considered by both the full Senate and House.

The Department of Labor announced \$157,430 in supplemental funding to continue the provision of workers affected by layoffs at Maine Military Authority in Limestone. This is the third supplemental funding which brings the total funds awarded for this project to \$1,026,712.

The next round of grant funds for the Northern Border Regional Commission is now accepting applications. The NBRC has received \$5,000,000 in new funds. The goal of NBRC is to award approximately \$4.5 million by September, 2014 with the maximum grant for any applicant being \$250,000.

Applications received by NMDC for NBRC were:

- A recreation facility in central Aroostook – Total project cost of \$122,400
- Infrastructure investment in central Aroostook – Total project cost of \$325,000
- GIS project in central Aroostook – Total project cost of \$25,000
- Road reconstruction in west-central Aroostook – Total project cost of \$892,000

Ground breaking for the expansion of Naturally Potatoes in Mars Hill took place on June 4<sup>th</sup>. This expansion is valued at \$8.5 million and will include 12,000 sq. ft. of dry storage, double the refrigerated warehousing area, more than double product cooling capacity, add a new water blancher, add new mashed potato kettles, add potato packaging equipment, provide a new employee cafeteria, and provide space for a cheese packaging line. NMDC assisted the town of Mars Hill with their Tax Increment Financing (TIF) application. NMDC's Business Finance Division provided \$550,000 in loans to Fresh Way, Inc., the original parent company of Naturally Potatoes. Naturally Potatoes is expected to purchase 20 percent more potatoes and pay slightly higher prices per hundredweight this year than last. It is expected they will increase employment at the facility by 10-15 employees. They have approximately 100 people currently employed at the facility.

The Department of Commerce and its federal partners are looking for opportunities to help the communities and regions that were not designated this time for the Investing in Manufacturing Communities Partnership (IMCP) grant. They will be providing help in utilizing existing federal resources to achieve their goals. EDA will host a webinar for the IMCP applicants to offer general feedback on the application process. EDA will facilitate an opportunity for non-designated applicants to make appointments to receive individual feedback on their applications from the federal staff who served on the review panel.

Out of the 70 communities who applied (NMDC being one), 12 were selected based on the strength of their economic development plans, the potential for impact in their communities and the depths of their partnerships across the public and private sector to carry out their plans. NMDC was not selected. Greater Portland region in Maine, led by the Greater Portland Council of Governments was selected as one of the 12.

In September 2013 the US Commerce Department's EDA and other agencies awarded \$7 million in IMCP grants to 44 communities to support the development of long-term economic development strategies to help them attract and expand private investment in the manufacturing sector and increase international trade and exports.

13. Adjournment:

There being no further business to conduct, Chair Guimond declared the meeting adjourned at 4:10 p.m.

Respectfully submitted,

Austin Bless  
Secretary

AB/jd