

**Northern Maine Development Commission
Executive Board Meeting Minutes of
October 10, 2013**

PLACE: NMDC, Caribou
DATE: October 10, 2013 3:00 p.m.

Attendance: Chair Don Guimond, Don Adams, Jim Bennett, Austin Bleess, Keith Brown, Mary Anne Buck, Tom Clowes, Gene Conlogue, Norm Fournier, Jon Frederick, Denis Gagne, Jim Gagnon, Ray Mersereau, Jeff Packard, Christy Sirois, Wendell Spooner, Patricia Sutherland, Christina Therrien, Jim Tweedie, Paul Underwood and Terry Wade.

Excused Absences: Ralph Dwyer, Jim Gardner, Charles Harris, Max Lynds and Barb Pitcairn.

Others Present: Phil Bosse-Senator Collins' Office, Bob Clark, Duane Walton, Judy Dinsmore, Ryan Pelletier, Jon Gulliver and Ruby Bradbury.

1. Call to Order and Introductory Remarks:

Chair Guimond called the meeting to order at 3:00 p.m. He reminded those members who wish to receive travel reimbursement to pass their vouchers in to Ms. Dinsmore.

At this time, Chair Guimond announced that Jim Gardner called asking to be excused from today's Board meeting as well as the board meetings in November, January and March as he has to take his Assessor's test in Augusta on those days. He will be here for the December and February meetings and thereafter beginning with the April Board meeting.

2. Approval of Executive Board of Directors Meeting Minutes of September 12, 2013:

Mr. Clark announced there was a correction on page 10, first paragraph, third line – the word "hiring" appeared twice. The original minutes will reflect this correction.

MOTION:

Motion made by Mr. Tweedie, seconded by Mr. Packard to approve the Executive Board of Directors meeting minutes of September 12, 2013 as amended.

VOTE:

Motion voted on and passed.

3. Acceptance of the Agencywide Revenue and Expenditure Statement for the Period Ending September 30, 2013:

Benchmark for the period ending September 30 is 25%.

Line 40000 – Federal grants is slightly below the benchmark. Several grants started October 1.

Line 40200 – Municipal dues is at 93%. Communities pay their dues at the beginning of the fiscal year.

Line 40300 – The County of Aroostook has made a payment on their dues.

Line 40400 – This is a reclassification of income for the Rest Area Maintenance project. It had been recorded under Federal grants, but it is actually a contract with the state and not federal income.

Line 40600 – Fees for Service for the MEP program has been under the normal amount due to the economy.

Line 40700 – Other income is over budget due to unanticipated income for the Area 2 Tiger Grant as well as the Household Hazardous Waste Collection.

Line 40711 – COCMA funds are now being recorded as income to the program versus being held as a future expense as previously requested.

Line 40800 – NMDC cash contribution will need to be adjusted in a budget revision as it pertains to Area 2.

Total revenues for the period are \$2,361,335 representing 31.3% or 6.3 points above the benchmark.

Under Expenditures:

Line 50000 Salaries and Line 50500 Fringe are over budget due to funding sources ending on September 30, 2013 for two of NMDC's employees. These line items will be within budget by the end of October.

Line 53700 – Professional fees for RHR Smith to conduct NMDC's independent audit and monitoring. These costs occur at the beginning of the fiscal year.

Line 53800 – Consultants – a budget amendment will be done in December as grant awards were not final for Area 2 until July. There were additional costs this month for a legal firm to write an RFP for a service provider for Area 2. There were also charges for a consultant for the SBA JIAC grant for providing services to a loan client that was not in the Operating Plan.

Line 55000 – Repairs will have an adjustment of \$1,630 and will be reclassified under Service Agreements as this was an invoice for Oakleaf Systems. This line item is actually at 28%.

Dues, Subscriptions and Insurance are over budget due to them being renewed at the beginning of the year as well as the quarterly insurance premium payment.

Line 55200 – Rent – We do not get invoiced on a monthly basis for our office space in Fort Kent, therefore the Revenue and Expenditures statement is affected. They have been instructed to invoice us on a monthly basis.

Line 55611 – Flexible Employment Fund ended on 9/30/13, therefore it is at 61% of the budget.

Total expenditures for the period were \$1,496,120 or 19.9% of the budgeted expenses or 5.1 percentage points below the benchmark.

Agency balance is \$865,215

Total combined cash is \$876,203

Combined accounts receivable is \$847,640 resulting in available resources of \$1,723,843.

Operating line of credit is at \$199,694

Equipment line of credit is at \$12,787 in which monthly payments are being made.

MOTION:

Motion made by Mr. Gagne, seconded by Ms. Buck to approve the Agencywide Revenue and Expenditure Statement for the period ending September 30, 2013 as presented.

VOTE:

Motion voted on and passed.

4. Acceptance of the Financial Audit Report for the Period Ending June 30, 2013:

Finance/Audit Committee Chair Therrien reported the Committee met on October 8th to review the 2012-2013 Federal Compliance Audit. The Committee met with the Executive Director, Director of Operations and Ron Smith of RHR Smith and Company-NMDC's independent external auditor (via conference call).

Ms. Therrien announced the Statement of Financial Position was presented to the Committee as well as a review of the Schedule of Findings and Questioned Costs. The Committee was given the opportunity to meet with the auditor without management present.

Ms. Bradbury reported the Statement of Financial Position compares June 30 of the prior fiscal year to June 30 of the current fiscal year.

There was a 69% increase or \$1,067,054, which is attributed to receiving all the funding for the World Acadian Congress.

Accounts Receivable was discussed which showed an increase of 17.2%. This was mainly due to an increase in administration for payables in the loan funds and for administration of Northern Maine Finance Corporation (NMFC).

Grants and Contracts Receivables showed an increase of 6.9% or \$42,376. This is attributed to a large drawdown for a service provider under the WIA program.

Loans Receivable (current and net of current) shows an increase of 4.3% or \$350,836. A large factor to the increase was NMDC taking over a loan fund from NMFC.

Interest Receivable has increased by 62.8%. This can be attributed to the struggling economy as loan clients are experiencing some difficulty keeping their loan payments current.

Under Deferred Cost Pool, the \$123,228 is the actual unrecoverable indirect costs for the year. After running an indirect rate of 40.8%, we could only recover 35%. This will be made up as we are now running 41.5% and using the approved rate of 45.9% thus recovering \$21,000 in the first quarter of this fiscal year.

Under Prepaid expenses we incurred \$4,000 in expenses when we became fiscal agent for Area 2 WIB.

Under Fixed Assets, an increase of \$124,273 or 5.9% was incurred. This was due to \$87,516 for the roofing project and the remaining \$36,757 included expenditures for the Bangor TCWIB office and the new timesheet/expense reporting system.

Accounts Payable is up by 64.9% or \$182,249. This is primarily due to a payment due Power's Roofing as well as to the Aroostook County Service Provider for WIA.

Accrued Payroll Expenses, payroll taxes and accrued retirements:

June/2012: \$158,656
June /2013: \$922,229
Variance: \$763,573

Deferred expenses for COCMA are: \$750,000

Deferred Revenues – Municipal and County Dues:

June/2012: \$67,083

June/2013: \$51,751

Variance: (\$15,332)

Line of Credit – Operating:

June/2012: \$84,500

June/2013: \$309,694

Line of Credit – Equipment:

June/2012: \$0

June/2013: \$10,104

Long Term Debt for current and net of current has an increase of 10.2%. This is due to having the new Microloan 6 and the IRP 6 loan programs.

The net result of all the changes to NMDC is a decrease in fund balances of \$100,434.

The Audit indicates that there are no reportable conditions, we are in compliance, there are no audit findings and NMDC is a low risk auditee.

NMDC's major programs are WIA and HUD, as these programs total over the \$300,000 threshold. The auditors tested these programs extensively.

Ms. Therrien stated the Finance/Audit Committee recommends acceptance of the 2012-2013 Federal Compliance Audit Report as presented.

MOTION:

Motion made by Ms. Therrien, seconded by Mr. Packard to accept the audit report as presented.

VOTE:

Motion voted on and passed.

5. Report of the Loan Review Committee:

Mr. Walton presented the Fund Report to the Board. A copy will be attached and made a part of these minutes.

Mr. Walton presented the quarterly report to the Board and discussed the loan requests below.

Northern Maine Distilling Company to restructure loan – approved.

Caldwell Auto, LLC to convert transmission line of credit to a floor plan – approved.

Portage Angora, LLC to refinance existing loans and extend maturity – approved.

MOTION:

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

VOTE:

Motion voted on and passed.

5-A. Loan Request in Excess of Loan Review Committee Lending Authority:

Caldwell Auto, LLC to renew current floor plan loan for one year.

MOTION:

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

VOTE:

Motion voted on and passed.

6. Maine's Capital Access Network MOU:

Mr. Clark explained this stemmed from EMDC's Community Advantage Program.

The purpose is to recognize the need for increased capital resource availability and to utilize capital resources for small businesses and leverage them to their fullest potential.

Partners:

Eastern Maine Development Corporation
 Androscoggin Valley Council of Governments
 Kennebec Valley Council of Governments
 Greater Portland Council of Governments
 Midcoast Economic Development District
 Southern Maine Planning and Development Commission
 Northern Maine Development Commission
 Biddeford Saco Economic Development Corporation

He explained that NMDC is designated for Aroostook and Washington counties and EMDC is focused on Maine statewide.

MOTION:

Motion made by Mr. Packard, seconded by Mr. Mersereau to authorize the Executive Director to execute the MOU as presented.

VOTE :

Motion voted on and passed.

7. Ratification of Service Contracts:

Easton Comprehensive Plan	\$ 18,000
Ashland Water & Sewer District-LMI Survey	\$ 2,500
Town of Ashland-CDBG Public Facility Project (Community Center)	\$ 13,540
Town of Ashland-CDBG Economic Development Application (Ecoshel)	\$ 6,000
Town of New Limerick-Project Development Application (non-member)	\$ 1,750
Louisiana Pacific-Project Development Application	<u>\$ 4,500</u>
Total Contracts:	\$46,290

MOTION:

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

VOTE:

Motion voted on and passed.

8. Investing in Manufacturing Communities Partnership (IMPCP) Grants for \$275,000:

Mr. Clark announced NMDC will receive \$200,000, supplemented by a second award of \$75,000 from USDA Rural Development to help the Biomass Clean Tech Manufacturing Cluster Strategic Plan create a manufacturing facility for biomass heating appliances in northern Maine. One aspect will be to explore in-region design and manufacturing capability and the other will develop a strategy to attract a European manufacturer of biomass heating appliances to the region.

NMDC is one of 26 award recipients sharing \$4.4 million from the Department of Commerce and one of 6 award recipients sharing \$528,000 (14%) from the Department of Agriculture.

He explained this funding will build on the focus that NMDC and the Aroostook Partnership for Progress have had on promoting wood pellets and chips as a primary heating alternative in the County.

Mr. Clark also stated that manufacturing communities may receive large IMCP Challenge grants (\$20-\$30,000,000) and investments to finance (i.e., workforce training, business parks or incubators or infrastructure).

He is hopeful this will get developed within the next 9-10 months.

Ms. Sutherland acknowledged the NMDC staff who submitted the application.

9. Employment and Training Administration Consolidated Review:

Mr. Pelletier announced the review was conducted by USDOL in state. They spent two weeks in Augusta for area 3 and two weeks with us.

Our review focused on programmatic and governance issues.

Fiscal – PY 2012:

There was a significant improvement since 2009 as a result of the transfer to NMDC.

Some issues with PY 12 were:

Service contracts contingent on funding availability

Protection of personal info

Incident reporting policy needs to be created

Concern of auditor services procurement

Cost and indirect cost allocation – if it is in indirect, it cannot be allocated in direct (this is not a finding at this time)

Cash management

Governance:

LWIB has a lack of standard meeting schedule

LWIB lack of public meeting notice

By-laws are unclear

Lack of nomination process by CLEOs

Youth Council is lacking an individual from HUD

Service provider selection process (not RFQ)

Noted practices:

ACA training – ACAP navigators
 Cross training of staff at career centers is a positive
 Partnerships and collaborations was a positive
 State met or exceeded 2012 goals
 Our area exceeded all goals of all the others

The full report should be available to the State of Maine within 30-45 days. We then will receive the areas we need to address.

10. Jobs Innovation and Accelerator Challenge Grant Employment and Training Administration Monitoring Report:

Mr. Clark announced all findings were resolved with the exception of indirect cost. They indicated no further action is required by NMDC at this time.

Travel policy met their approval, but not the states. State DOL will request that we follow the GSA guidelines for travel.

11. National Emergency Grant for \$292,867:

Mr. Pelletier announced funding in the amount of \$292,867 is being applied for to assist Dislocated Workers from Maine Military Authority. A total of 72 Dislocated Workers were served with retraining and reemployment services previously. Due to the recent announcement of additional layoffs, the LWIB is applying for an extension and additional funding. With the current 150+ layoffs, we are projecting to serve 50 of them initially. The contract can be modified if more want services as we move forward.

MOTION:

Motion made by Ms. Sutherland, seconded by Mr. Tweedie to approve the NEG for \$292,867 and authorize the Executive Director to execute all necessary documents pertaining thereto.

VOTE:

Motion voted on and passed.

12. EDA Mobilize Maine Grant for \$575,000:

Mr. Clark indicated this grant request seeks funding to complete work begun in Phase I of the Mobilize Maine Cluster Development project – a statewide strategic planning process that will provide more support for the CEDS.

All seven EDDs have developed a draft common CEDS template that will be more concise and accessible to the general public's understanding of economic development initiatives.

Phase II will consist of three components:

1. Finalize asset mapping in each region, link assets to regional sectors and perform value stream mapping to identify potential growth initiatives.
2. Finalize the new CEDS template and create a statewide CEDS document that will be promoted to local, regional and state leaders.
3. Combine Economic and Workforce Development to better connect jobs and education/training.

NMDC will receive \$155,000 with the other 6 EDD's receiving \$71,000 each.

13. White House Rural Council Forum:

Mr. Clark and Harold Clossey attended the Forum at the White House.

The Council was established by the President to perform three core functions:

- Streamline and improve the effectiveness of Federal programs serving rural America
- Engage stakeholders, including farmers, ranchers and local citizens on issues and solutions in rural communities
- Promote and coordinate private-sector partnerships

The Council will focus on job creation and economic development by focusing on four key areas:

- Opportunity
- Innovation
- Quality of Life
- Conservation

Topics covered at the meeting:

- Agriculture Production and Exports
- Local Food Systems – Food Hubs
- Conservation and Trails
- Bio Based Economy
- Promise Zones (small tract in Washington County that qualifies)
- Farm Bill Reauthorization
- IMCP
- Foreign Direct Investment (FDI)

Mr. Clark discussed the new CEDS guidelines:

- Emphasis on clusters, innovation and entrepreneurship infrastructure
- High quality and high impact (process and product)
- Alignment of regional plans
- Economic resiliency
- Streamlined to 30 pages maximum
- Demonstrate ROI (quantifying the outcomes not the process)
- Link goals, strategies and implementation

14. Executive Board Meeting Times – End of Daylight Saving Time November 3:

Chair Guimond announced the proposed change in Executive Board meeting time will take place during the months of November, December, January and February. The Executive Board meeting will begin at 12:30 with lunch at 12:00 noon for both the Loan Review and Executive Board members.

Ms. Sutherland stated her concern of the short timeframe from one meeting to the other. She felt it was confusing for the two groups to get together for lunch within the ½ hour allotted.

Mr. Bennett asked if it was of value to the Board members who wanted the time change?

Messrs. Packard and Tweedie felt it was beneficial to them as they were able to get home before dark during the blustery, winter months.

Mr. Bless would like to see the meeting start at 12:30 year round.

MOTION:

Motion made by Mr. Tweedie, seconded by Mr. Packard to set the Executive Board monthly meeting time at 12:30 p.m. for the months of November and December, 2013, and January and February of 2014.

VOTE:

Motion voted on and passed.

15. Other Business:

A. Amendment to the Disability Employment Initiative (DEI) Contract:

Mr. Pelletier announced the amendment is an increase to the DEI grant which is due to the time extension from September 30, 2013 to March 31, 2013. The \$8,000 increase will be allocated to fund the employee in this project. Total project is \$76,023.

MOTION:

Motion made by Ms. Sutherland, seconded by Mr. Fournier to approve the amendment as presented.

B. Appointments to the Aroostook Community Guided Planning Steering Committee:

Proposed Members and Affiliation:

Beaulieu, Doug – County of Aroostook
 Berce, Ned – Farmer, St. Agatha
 Cambridge, Dave – Small landowner and business representative
 Coffin, Ked – Irving Woodlands
 Corey, Fred – Aroostook Band of MicMacs
 Draper, Mark – Tri-Community Recycling and Sanitary Landfill
 Dwyer, Ralph – Town Manager of Ashland
 May, James – Former LUPC Commissioner and retired forester
 Mazzuchelli, Kathy – Recreation (Caribou)
 Medina Sarah – Seven Islands Land Company
 Nevers, Candis – Town Manager of Smyrna/Merrill
 Patterson, William – The Nature Conservancy
 St. Peter, Cheryl – Small leaseholder (Cross Lake)

The first meeting will be October 23rd , to be held tentatively at NMDC. The Committee will be asked for recommendations for Chair to be brought back to the Board for a vote.

MOTION:

Motion made by Mr. Tweedie, seconded by Ms. Sirois to appoint the recommended slate of members to the Steering Committee as presented.

VOTE:

Motion voted on and passed.

C. Big E in Springfield:

Ms. Sutherland indicated the Maine Potato Board attends the Big E in Springfield each year. They earn revenue from their baked potatoes. The Springfield newspaper had a human interest piece and surveyed the Fair attendees as to their choice of baked potato. Rhode Island, Maine and Connecticut all had baked potato booths. The survey revealed Maine had the overall favorite baked potato at the event. Ms. Sutherland stated last year the Maine booth sold 84,000 potatoes and this year the number rose to 86,000. Ms. Sutherland also stated the Cross Center in Bangor has agreed to use Maine potatoes exclusively in their concessions.

Mr. Tweedie announced the Maine Potato Board also sponsors a race at the Fryeburg fair.

16. Executive Director's Report:

Mr. Clark presented his report to the Board.

- PTAC Success Story – Third Eye Global (Fort Kent) a security company that specializes in technological solutions. First award with US Dept. of Navy totaling \$79,498 for a closed circuit surveillance system and installation at the Portsmouth Naval Shipyard located in New Hampshire.
- County Environmental Engineering, Inc. – 9 site assessments completed. NMDC will be applying for a \$200,000 hazardous substance site assessment grant in the fall. They continue to search for potentially contaminated properties. Will be hosting a banker and realtor meeting in January, 2014 to discuss importance of Phase I and Phase II ESAs.
- EDP Renewables – This will be a 250 Megawatt wind farm located at #9 Mountain west of Bridgewater. There will be 83 to 100 turbines depending on turbine output. Will have long term purchase agreements with Connecticut Light and Power and United Illuminating. The environmental studies will be completed by next summer and begin permitting process next fall with construction beginning in 2015. This will create 300 construction jobs. EDP is interested in pursuing a TIF. Cost will be \$600 million for the wind farm and approximately \$50 million for transmission.
- Wood Master – Have spoken to Wood Master (Minnesota) who inquired why we are looking at the European market for biomass boilers. This group is experiencing difficulty with labor and is interested in Maine. Their product comes from Italy and will be attending our biomass fair in April, 2014.
- AmeriDial Grand Opening – This is the new Fort Kent call center that has opened and will be holding their grand opening on Friday, November 8, 2013. Interested Board Members are to register with Ms. Dinsmore.
- Perham, Washburn & Wade Shared Services – At the September 18, 2013 Shared Services meeting, the group identified current shared services between the communities. These include fire protection, library, recreation, winter sand purchases, purchase of fuel through SAD 45, solid waste management, and ambulance. A joint Selectman's meeting will be set up at NMDC offices or in one of the communities.
- Household Hazardous Waste Collection – The collection took place on September 7, 2013 with 41 residents and retired farmers participating in the collection. Materials collected were consolidated flammable liquids, oil based paint, aerosol cans, pesticide liquids and solids, acids, bases, mercury compounds and oxidizers for a total of 3,000 pounds collected.
- NMDC Services Brochure – Ms. Dinsmore has mailed these out to Aroostook and Washington county municipalities and their Boards of Selectmen/Assessor/Councilors.

- APP/LEAD Annual Meeting – Board Members who wanted to attend the annual meeting were instructed to register with Ms. Dinsmore. The event will be held on Thursday, October 31, 2013 from 7:30-9:00 a.m. at the UMPI Campus Center in Presque Isle. Guest speaker will be University of Maine System Chancellor James Page.

17. Executive Session:

A. Executive Director's Evaluation

MOTION:

Motion made by Mr. Packard, seconded by Mr. Tweedie to go into executive session to discuss the Executive Director's evaluation.

VOTE:

Motion voted on and passed.

Closed Session at 4:35 p.m.

Open Session at 4:55 p.m.

MOTION:

Motion made by Mr. Conlogue, seconded by Mr. Gagne to approve the Executive Director's evaluation and compensation as discussed in Executive Session.

VOTE:

Motion voted on and passed with Messrs. Bennett and Bleess abstaining.

18. Adjournment:

There being no further business to discuss, Chair Guimond declared the meeting adjourned at 4:56 p.m.

Respectfully submitted,

Austin Bleess
Secretary

AB/jd