



# LORING COMMERCE CENTRE

Loring Development Authority of Maine  
Board Meeting Minutes  
June 21, 2017  
154 Development Drive, Suite F  
Loring Commerce Centre, Limestone, Maine

## 1. Call to Order

The meeting was called to order by Chair Richard Ezzy at 9:32 a.m.

LDA Board Members present were: Richard Ezzy, Dan LaPointe, Miles Williams, Jim Cote, Carol Bell, Doug Damon and Mike Edgecomb.

LDA Board Members participating by conference call were: George Gervais, Jim Clair and Mark Wilcox.

LDA Board Member absent: Janet McGillan, Dana Saucier and Steve Levesque.

LDA Staff present were: Carl Flora, Donna Sturzl, and Neal Haines.

Others present were: Emmy Churchill, Congressman Poliquin's office; Fred Ventresco, Limestone Town Manager; Tim Goff, Town of Fort Fairfield; Dennis McCartney, Economic Development Director, Town of Limestone, Art Thompson, former LDA Trustee; Harry F. Rideout; and Chris Bouchard, Aroostook Republican.

## 2. Introduction of Board Members, Staff, and Guests

All those present introduced him/herself.

## 3. Minutes of Meetings of April 19, 2017 and May 16, 2017

MOTION: Motion was made by Doug Damon and seconded by Mike Edgecomb to accept the minutes of the April 19, 2017 and May 16, 2017 meetings as presented.

VOTE: Motion was voted on and passed unanimously.

## 4. Treasurer's Report for February, March and April 2017

Mr. Flora referred to the April statement of net assets, and said that about \$865,000 of the \$1.3 million in accounts receivable is due from MMA. The \$300,000 receivable from Bangor Gas is due in July. In liabilities, the line of credit is now over \$1.1 million; use of the line is directly related to overdue receivables. In the statement of change of net assets, the state assistance and water and sewer revenue lines are over budget; under expenses, salaries are under budget due to

open positions and utilities are over budget due to increased sewer rates and heat for the Blue Goose buildings.

MOTION: Motion was made by Jim Cote and seconded by Mike Edgecomb to accept the February, March and April 2017 Treasurer's reports as presented.

VOTE: Motion was voted on and passed unanimously.

#### 5. FY 2018 Budget Memorandum

Mr. Flora said that the FY2017 revenues fell short of projections, but expenses are also under budget. MMA started paying rent in April but it is unclear if they will pay any back rent. The amount of back rent is significant; there may be assistance in the state budget for LDA.

Mark Wilcox joined the meeting at this time.

#### 6. Proposed FY 2018 Budget

The proposed 2018 budget was discussed. It's a breakeven budget, with revenue projected from new activity; revenues and expenses for the new aviation project are included in the budget as well as repayment of a short-term \$65,000 operating cash loan from Machias Savings Bank. It does not include funding to heat building #8713 or to fill an administrative position and a maintenance position that are currently vacant. Despite the cutbacks, new activity already underway with Loring Industries and New England Kenworth together with MMA is generating new jobs and occupying additional facilities. The finance committee recommends acceptance of the budget as presented.

MOTION: Motion was made by Doug Damon and seconded by Mike Edgecomb to approve the FY2018 budget as presented.

VOTE: Motion was voted on and passed unanimously.

#### 7. Personnel Policy Amendment – Drug, Smoke and Tobacco-Free Workplace

The proposed "Substance Use Policy, Drug Tobacco and Smoking" policy that was presented in April was discussed. The discussion included a policy developed by the state, the potential for two policies, a standard policy and one for medical marijuana and the need to address reasonable suspicion.

Trustees determined that it's important to have a policy in place now that addresses reporting to work under the influence of alcohol or drugs, including marijuana. Efforts to expand and clarify the policy will continue with further review of the State's policy at future board meetings.

MOTION: Motion was made by Miles Williams and seconded by Jim Cote to adopt the draft "Substance Use Policy, Drug Tobacco and Smoking" as presented, effective immediately once employees are informed and to continue with discussions on the state policy.

VOTE: Motion was voted on and passed unanimously.

#### 8. Loring Holdings – Amendment to New Facilities Payment Agreement

A problem was discovered with the contingent lease for the use of the pipeline corridor that was approved in April. A proposed resolution will be discussed in executive session.

#### 9. Altaeros Energies – approval of lease for R & D project

Altaeros Energies, a wind energy technology development company is interested in leasing facilities at Loring this summer to support testing of a new airborne device.

MOTION: Motion was made by Dan Lapointe and seconded by Mike Edgecomb to authorize the LDA President and CEO to enter into a Lease with Altaeros Energies, Inc., for the west bay of Building #8410 and Building #8409 for the period June 1, 2017 through September 30, 2017, paying a fixed rental amount of \$9,000 with Tenant paying costs of electricity and LDA supplying water and sewer services in reasonable quantities at no cost.

VOTE: Motion was voted on and passed unanimously.

#### 10. President's Report

##### **Progress with Aircraft MRO project.**

At a special meeting in May, LDA trustees approved a binding letter of intent for an MRO project. Since then 34 truckloads of aviation equipment has arrived at Loring. The company intends to initially occupy the Arch Hangar and Jet Engine Shop and later, the Base Ops building, the Snow Barn and the Alert Hangar. Issues to address include securing resources to upgrade facilities and for airfield operations; attracting and housing aviation mechanics and technicians; determining if the airport status should change from private to public and what support is available from the FAA.

Doug Damon suggested searching for A&P mechanics among U.S. veterans. He will provide information on the FFA certification of U.S veterans as A&P mechanics.

##### **Progress with Loring Industries & MMA Projects.**

The companies are hiring people to support ongoing and new contracts. Loring Industries (LI) employees are supporting the new MRO project and Altaeros. LI now occupies building 7210 and the former Loring Inn.

##### **Possible Amendment by Air Force of OU 12 Record of Decision.**

The Air Force is now monitoring for potential soil vapor intrusion (SVI) whereby contaminants in the soil or groundwater become vaporized and find their way through a floor slab and into a building. An amendment of the OU 12 (Groundwater) Record of Decision would create use restrictions for the buildings in question; preventing residential, school or day care use. The amendment would have minimal impact on LDA reuse activity since the buildings in question are industrial buildings.

##### **Jackson Lawsuit.**

A former DFAS employee, Angela Jackson, has sued LDA, claiming that she became ill because of elevated levels of disinfection by-products in Loring's drinking water. The suit was filed in federal court. As reported at prior meetings, LDA's water treatment system is working well; the water delivered meets the applicable standards.

##### **Possible Sale of Building 2500.**

The former Bas Officers Quarters building was sold in 2007. It has since been damaged by fire and vandals. The town of Limestone acquired the building for back taxes and is working to sell it. Loring Industries and the new MRO company are both interested in acquiring the building to house employees.

11. Report of Nominating Committee

Nominating committee members, Richard Ezzy, James Cote and Mark Wilcox presented the following slate of offices for FY2018 for consideration:

Chair – Miles Williams; Vice Chair – Mark Wilcox; Treasurer – Dana Saucier; Secretary – Carol Bell.

MOTION: Motion was made by Dan Lapointe and seconded by Mike Edgecomb to approve the nomination of LDA officers as presented.

VOTE: Motion was voted on and passed unanimously.

12. Other

13. Public Comment and Media Question and Answer Period

Dennis McCartney asked about the Aroostook County delegation’s position on the MMA’s unpaid rent. Mr. Flora stated that the delegation is aware and is supportive of LDA’s efforts.

14. Executive Session: Confidential discussions concerning contractual negotiations pursuant to Title 1 M.R.S.A. Section 405 Subparagraphs 6.C and 6.E

MOTION: Motion was made by Miles Williams and seconded by Mike Edgecomb to enter into executive session to discuss real estate and economic development matters pursuant to Title 1 M.R.S.A. Section 405 Subparagraphs 6.C and 6.E. at 10:25 a.m.

VOTE: Motion was voted on and passed unanimously.

End Executive Session

Return to public session.

MOTION: Motion was made by Dan Lapointe and seconded by Mike Edgecomb to approve the following resolution:

**New resolution approving borrowing through MRDA, using Jet Engine instead of Tail Enclosure:**

**RESOLVED**: To approve the borrowing of up to \$500,000 from the Maine Rural Development Authority (MRDA) to acquire a Jet Engine to be installed at Loring in connection with improvements to power generation facilities, under terms described in, and consistent with, the Motion approved by the MRDA board of directors (attached) concerning the loan, and to pledge

as security therefore a first mortgage interest in the Arch Hangar, Snow Barn Hangar, and Power Generation building, and to authorize the LDA President & CEO to sign and accept such notes, mortgages, security agreements, and other and any related agreements or documents as the President & CEO, in his discretion, determines to be advisable (the advisability of which shall be conclusively evidenced by his execution thereof).

**As approved by MRDA Board:**

**Maine Rural Development Authority approved a \$500,000 loan to Loring Development Authority (LDA) to purchase and install an aircraft jet engine from a future tenant. The loan will be secured by the jet engine, the so called Arch Hangar, the so called Snow Barn hangar, the so called diesel power plant (building 7240); where the jet engine will be installed as a fixture which will burn jet waste oil to produce electricity, all located at Loring Commerce Center.**

**The loan shall be further secured with a collateral assignment of the lease between LDA and tenant, which may include an option to purchase (buy-back) the jet engine, by the tenant from LDA for \$500,000, at a future date.**

**The loan payment structure will be as follows: one year of deferred principal and interest payments, followed by payments of principal and interest which shall begin 1-year from the date of the Note, and shall be based on a 20 year amortization, and the loan shall be due and payable 5 years from the date of the Note, based on a fixed interest rate of 5.75%.**

**Loan proceeds shall be paid out at when the title to the jet engine transfers from tenant to LDA, (Bill of Sale to be reviewed by MRDA Chair or Vice-Chair, but must be for a minimum of \$500,000), subject to verification that equipment valued at no less than \$1 million has been delivered to Loring Commerce Center and that an opinion of value of the subject jet engine has been reviewed by MRDA Chair or Vice-Chair of no less than \$1 million; values are subject to a third party evaluation and subject to review by the MRDA Chair or Vice-Chair.**

**Approval is subject to, approval by the LDA Board of the conditions of this Motion and execution of a lease agreement between LDA and tenant.**

**VOTE:** Motion was voted on and passed unanimously.

**MOTION:** Motion was made by Carol Bell and seconded by Jim Cote to approve the following amendment to the New Facilities Payment Agreement with Loring Holdings as proposed:

**Proposed amendment to NFPA:**

LDA agrees that it shall cooperate with LH in opposing any adverse claim against the sub-leasehold of LH in the LBE Lease of the Leased Premises pertaining to the MPX

New Facilities and in seeking and securing the benefits of any covenants, indemnities and other rights and privileges granted by the United States or other third parties to LDA to the extent necessary or appropriate for LH to obtain the full use of such Leased Premises for the MPX New Facilities and to enjoy the rights and benefits transferred, conveyed or granted by the LBE Lease in such Leased Premises for New Facilities. LDA further covenants to take all reasonable actions, including without limitation, the lawful , exercise of the power of eminent domain or transfer in lieu of condemnation as necessary to restore LH as sub-lessee of LBE Lease rights , as nearly as possible, to the position and rights it would have enjoyed under the LH Sublease via the LBE Lease in the Leased Premises of the MPX New Facilities but for any such adverse claim, and provided that LH shall reimburse LDA for the cost of the condemnation or transfer, including, without limitation, the cost of acquiring the property , so long as the expenses are incurred with LH's prior knowledge and consent. The LDA and LH shall notify LBE, Penobscot Natural Gas Company or its affiliated successors or assigns (collectively "PNG)", in writing concerning the occurrence of any such, exercise of the power of eminent domain or transfer in lieu of condemnation by the LDA.

The foregoing paragraph shall not apply to any adverse claim made by: (i) PNG against LH or its successors, assigns or series holders arising from LH's use of or interest in the Leased Premises under the LH Sublease or (ii) any person challenging the validity of the LH Sublease.

VOTE: Motion was voted on and passed unanimously.

### 13. Adjourn

MOTION: Motion was made by Mike Edgecomb and seconded by Carol Bell to adjourn the meeting at 11:11 AM.

VOTE: Motion was voted on and passed unanimously.

Respectfully submitted,



Carol Bell  
Secretary