



LORING COMMERCE CENTRE

Loring Development Authority of Maine
Board Meeting Minutes
September 20, 2017
154 Development Drive, Suite F
Loring Commerce Centre, Limestone, Maine

1. Call to Order

The meeting was called to order by Chair Miles Williams at 9:32 a.m.

LDA Board Members present were: Richard Ezzy, Dan LaPointe, Miles Williams, Jim Cote, Carol Bell, Doug Damon, Dana Saucier and Diane Jackson, DECD for Governor Gervais.

LDA Board Members participating by conference call were: Janet McGillan and Mike Edgecomb.

LDA Board Member absent: George Gervais, Steve Levesque, Jim Clair and Mark Wilcox.

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

Others present were: Jim Risner, Town of Fort Fairfield; Dennis McCartney, Economic Development Director, Town of Limestone; Hayden Shaw, Old Town Economic Development; Sharon Campbell, Senator King's Office; Aaron Gahagan, Maine Power Express; Roger Felix, Loring Job Corps Center; Taylor Lumpkin, WAGM-TV; and Chris Bouchard, Aroostook Republican. Also participating via conference call were Naji Akladiss, Maine DEP; Michael Daly, US EPA; and David Farnsworth, Air Force Civil Engineering Center.

Chair Miles Williams thanked former Chair Richard Ezzy for his services as Chair of LDA for the previous three years. Mr. Williams then welcomed Mark Wilcox as the new Vice Chair as well as Carol Bell and Dana Saucier who are returning as Secretary and Treasurer respectively.

Carl Flora presented Richard Ezzy with a plaque in gratitude for his service as the Chair of the LDA Board of Trustees and thanked him for his steadfast support as well as his continuing service as an LDA Trustee.

2. Introduction of Board Members, Staff, and Guests

All those present introduced him/herself.

3. Minutes of Meetings of June 21, 2017

MOTION: Motion was made by Doug Damon and seconded by Dana Saucier to accept the minutes of the June 21, 2017 meeting as presented.

VOTE: Motion was voted on and passed unanimously.

4. Treasurer's Report for May 2017

Mr. Saucier reported that the two items of note are on the Statement of Net Assets, which reflects the receipt of \$275,000 in state assistance as an increase in current assets and the receipt of a \$65,000 bank loan as an increase in short term liabilities.

Referring to a chart that highlights funding sources for LDA from 1994 to 2017, Mr. Saucier said that the increase in State appropriations in FY 2017 is a one-time increase and will decrease in 2018. It's very important to note that operations revenue is on a downward trend and that trend needs to be reversed.

Mr. Flora stated that for the first ten years, LDA received significant funding from the USAF Caretaker Agreement, which provided funding to preserve real estate assets for reuse. Other grant funds are generally project based and do not support operations. LDA operations revenue increased from 1994 to 2012, but have been declining for the last few years.

MOTION: Motion was made by Jim Cote and seconded by Richard Ezzy to accept the May 2017 Treasurer's report as presented.

VOTE: Motion was voted on and passed unanimously.

5. Quasi-Independent Agency Report

LDA Trustees reviewed and accepted the report on Dues, Subscriptions, Travel Expense, Meals, Entertainment, Sponsorships, Gifts and Recognitions and Donations for the Fiscal Year ended June 30, 2017.

6. Status report – implementation of Smoke and Tobacco-Free Workplace policy

Mr. Flora recently met with Jo-Ellen Kelley and Dawn Roberts from ACAP to discuss the adoption and implementation of the Smoke and Tobacco Free policy that LDA adopted in June. A very slight modification was made before it was sent to the Maine Department of Human Services' CDC to determine compliance with the State's requirements. If the policy complies with state requirements, ACAP will be able to assist LDA with implementation of the policy. Tenants in leased buildings are responsible for their own policies but discussions need to be had to determine options for buildings with multiple tenants.

Mr. Williams said that Maine Safety Works will have a presentation to help employers recognize when an employee is under the influence of alcohol or drugs, how to handle the situation and the rights of the employer.

7. Maine Power Express – project update

Mr. Ryan Gahagan provided the board with an update on the project, providing information prepared for a recent regional energy policy presentation. Maine Power Express (MPX) and its partners have submitted a proposal in response to a request for proposals from the state of Massachusetts for clean (renewable) energy. The MPX project proposes to transmit wind energy produced in Maine to Boston via an underground transmission line that would make use of the Searsport to Loring pipeline corridor. If selected, the project will need to be reviewed, permitted and constructed and would be operational in 2022.

8. Air Force Proposed Amendment to Groundwater Record of Decision (OU-12)

The closure process for Loring included identifying and cleaning up environmental issues so that the properties could be developed; nearly all of the cleanup work is done. However, groundwater contamination is eliminated by natural processes over long periods of time and requires long-term monitoring and institutional controls to prevent exposure. "Groundwater management zones" were established where drinking water wells are prohibited. The prohibitions are set forth in the recorded deed from the Air Force to the LDA. The deed also contains a covenant by the Air Force, as required by CERCLA, that if future contamination is discovered, the Air Force will take any remedial action necessary at its expense.

Since the conveyance of the property to LDA in 2001 and 2004, two new issues have become known. First was perfluorinated compounds, or "PFC's", which have contaminated groundwater, and the other is "soil vapor intrusion", or "SVI", where groundwater contaminants vaporize and move up through the soil and into buildings. The first issue was addressed by existing restrictions against drinking water wells, and the SVI issue is now being discussed.

The Air Force would like to address the SVI issue by amending the Record of Decision (ROD) for basewide groundwater (OU-12). The amendment would establish controls to limit SVI exposure to established contamination levels. Residential, daycare and school use would be prohibited in affected buildings. Exposure levels in commercial and industrial use buildings may not be excessive if the work spaces are well-ventilated, but SVI levels need to be monitored. A sub-slab mitigation system could be required for new construction. Existing buildings would be tested periodically and if SVI is above the established Maximum Contamination Levels (MCL), a mitigation system may have to be installed and operated.

The Air Force has identified specific buildings and land potentially affected by SVI. In a preliminary discussion draft of the ROD amendment, the Air Force has proposed that LDA file a permanent restrictive covenant on the use of the land restricting future owners or tenants from using the property for residential, daycare or school purposes; it would also require monitoring and the installation of any necessary mitigation systems at the owner's expense.

The proposed allocation of the financial responsibility to the owner, rather than the Air Force, for monitoring, installation and operation of a mitigation system is at odds with the CERCLA covenant, whereby the Air Force is responsible for future remedial action.

The ROD amendment draft refers to occupied and unoccupied buildings with new use restrictions applying to unoccupied facilities only. Rather than referencing occupied or unoccupied buildings LDA would like to differentiate between buildings where legal rights are held by LDA and those where legal rights are held by other parties. Some buildings, such as the jet engine building for the new aviation project, may still be deemed "unoccupied" but binding agreements have already been made with third parties.

9. President's Report

Progress Loring Industries & MMA Projects.

Having resumed work on the MBTA bus project in May, MMA has rehired many laid-off workers and has delivered seven buses to MBTA. Loring Industries and New England Kenworth have hired another 24 people. LI has contracts for refurbishing buses and other vehicles. Joe Alosa, owner and President of Loring Industries is a tremendous asset to redevelopment work at Loring. He is well regarded within the transit industry which helps to draw new opportunities

and his business expertise has been instrumental to the successful formation and operation of Loring Industries.

Progress with Aircraft MRO project.

This project continues to move forward. LDA's focus in support of MRO operations for large aircraft is currently focused on improvements to the Arch hangar.

MARRA Board membership.

Carl Flora currently serves on the MARRA board. His term is up this month and he has been asked to submit materials for a possible re-nomination.

Possible BRAC round.

The U.S. Senate has discussed a possible new BRAC round. Senator Susan Collins announced her opposition to a BRAC round at this time. There are two remaining DOD facilities in Maine, the Portsmouth Naval Shipyard in Kittery, and the DFAS center in Limestone.

Loring drinking water quality.

Since January 2016, the levels of trihalomethanes (TTHM) have been below the MCL, which is the new level established for water systems.

Mapping project for water infrastructure.

Begin this fall, two of UMPI professor Chunzeng Wang's students will work on a GIS mapping project for LDA's water distribution infrastructure. Hydrant locations will be mapped first.

Interim report on valuation of donated assets.

Carl Flora and Dana Saucier toured LDA buildings and determined that the value of some buildings has decreased significantly. The revaluation of the buildings will be reflected in the year-end financial statements as a \$7 million decrease in LDA assets.

10. Other

None.

11. Public Comment and Media Question and Answer Period

Sharon Campbell of Senator King's Office said that the Senator is concerned about the possibility of another BRAC round but has not issued a press release about the matter.

12. 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 Dana Saucier and seconded by Carol Bell 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 10:50 a.m.

VOTE: Motion was voted on and passed unanimously.

End Executive Session

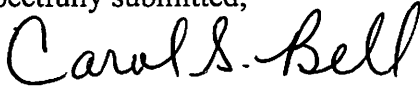
Return to public session.

13. Adjourn

MOTION: Motion was made by Jim Cote and seconded by Dana Saucier to adjourn the meeting at 11:50 AM.

VOTE: Motion was voted on and passed unanimously.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carol S. Bell". The signature is written in black ink and is positioned above the printed name and title.

Carol Bell
Secretary