

# MAINE STATE LEGISLATURE

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January 9, 2017

The Honorable Paul LePage  
Governor of the State of Maine  
State House Station #1  
Augusta, Maine 04330

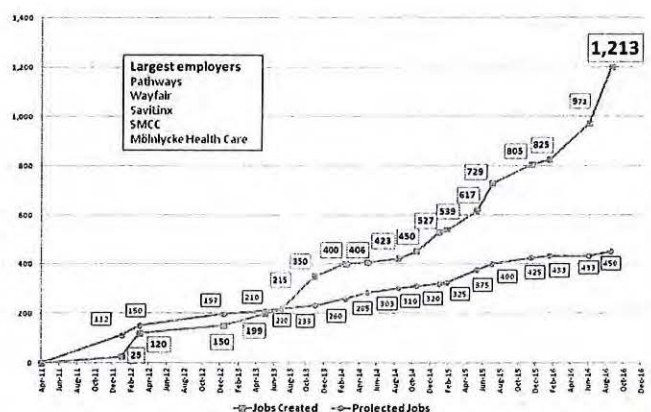
Subject: Annual Report of MRRA for the year ending December 31, 2016

Dear Governor LePage:

Pursuant to 5 MRSA §13083-S, I am writing to update you of the activities of the Midcoast Regional Redevelopment Authority (MRRA) and the remarkable transformation of the former Brunswick Naval Air Station and Topsham Annex.

Since the closure of the base in May of 2011, the net positive economic impacts from the redevelopment include, but are not limited to the following:

- ❑ There are now 100 entities doing business at Brunswick Landing and the Topsham Commerce Park, who employ 1,213 individuals (exceeding the short-term economic goal established by the Maine Legislature); up from 822 last year.
- ❑ MRRA has awarded over \$50 million dollars in contracts for property improvements, building construction/reconstruction and airport and utility infrastructure since 2008.
- ❑ Brunswick Landing and Topsham Commerce Park have realized over \$300 million in new investment.
- ❑ Over \$86,847,100 in new property valuation has been added to the property tax rolls in the town of Brunswick and \$3,684,800 in Topsham generating new property tax revenues for FY 2017 in Brunswick of \$2,548,962 and \$66,290 in Topsham.
- ❑ Since the approvals of the Public Benefit and Economic Development Conveyances in 2011, the Navy has transferred approximately 1,768.01 acres of the 2,114.6 acres we are slated to receive. MRRA has received 785.32 (70.6%) of the 1,112 acres of the non-airport property and 982.69 (98%) of the 1,002.6 acres of airport land. Of the 785.32 acres of EDC property received to date, MRRA has sold 404.4, nearly half, leaving 1,363.6 acres under management.





#### **A. Description of the Authority's Operations**

The year 2016 was another busy, challenging and successful year for MRRA. MRRA continues to work hard to enhance the redevelopment of Brunswick Landing and Topsham Commerce Park and to be a catalyst for the State's economic growth. Our business development efforts continue to focus on quality job creation in several targeted industries: aviation/aeronautics, clean technology, composites, information technology, biotechnology, and education. This past year, MRRA continued its national and international marketing efforts to promote Maine to grow these targeted industry sectors.

The Midcoast Regional Redevelopment Authority reached a number of important milestones in 2016. Consistent with MRRA's adopted *Strategic Business Plan for 2016*, this past year's performance on those objectives include the following accomplishments:

*Objective - Effectively manage and utilize Brunswick Executive Airport's (BXM) resources*

- ❑ Awarded a five year extension of FAA's Military Airport Program (MAP) which will provide just over \$20 million of funding for capital improvements at BXM over the next five years.
- ❑ Made significant capital improvements, including construction of a new Snow Removal Equipment (SRE) building, restored the aircraft deicing pad and glycol recovery systems, removed runway centerline lights and repainted runway markings, refurbished Hangar 6 doors, and improved the aircraft parking apron, all funded by the MAP program and a grant from MaineDOT.
- ❑ Actively engaged with several aviation prospects and attended several trade show events, including MRO Americas, European Business Aviation Convention and Exhibition (EBACE), EAA AirVenture, and NBAA 2016.
- ❑ Actively engaged with several aviation prospects and non-aviation tenants, including Combined Benefits United, Hoyle Tanner & Associates, and Washburn Doughty.
- ❑ Hosted Race the Runways, New England Seaplane Safety Expo, and the Brunswick International Fly-in.

*Objective – Enhance airport safety*

- ❑ All airport employees, emergency responders, tenants, and tenant employees complete bi-annual airport safety training online in order to renew airport access.

*Objective – Maintain community support for the airport*

- ❑ Hosted public events detailed above. Working on initial preparations to host the Great State of Maine Air Show 2017.
- ❑ Continued to support the Maine Aviation Business Association and participate in the Maine Aeronautical Advisory Board.
- ❑ BXM became the host airport for Maine ACE Camp's summer program.

Objective – Ensure that the airport is a good steward of the environment

- ❑ Installing radiant heating systems in Hangars 4 and 5 that reduce energy consumption and reduce overall carbon emissions.
- ❑ Completed an Environmental Assessment to determine any potential impact as a result of future planned capital improvement projects on the airport and determine methods to minimize and/or mitigate impacts.
- ❑ Continued to work with US Fish and Wildlife, Maine Department of Inland Fisheries and the Town of Brunswick to manage sensitive wildlife habitats.

Objective - Optimize total cost of ownership by reducing maintenance and operations costs. Plan, design and construct, sustain, recapitalize and dispose/divest of property and facilities optimizing total ownership cost.

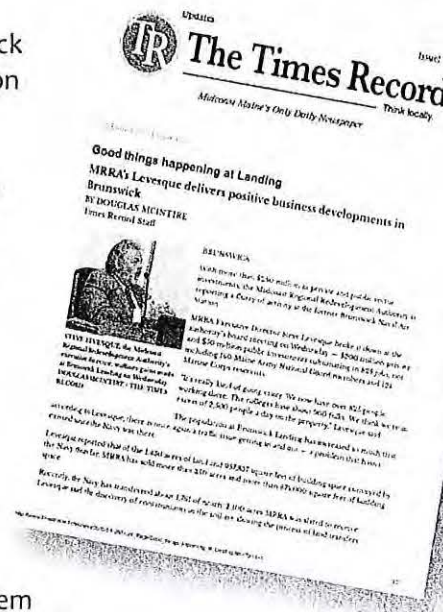
- ❑ Completed demolition of Buildings 252, 292, and 32 as part of MRRA's EDA Infrastructure Grant. The facilities had been determined to be not suitable for redevelopment or too costly to repurpose for civilian re-use.

Objective - Effectively manage and operate the Brunswick Landing electrical transmission and distribution system.

- ❑ Reduced unaccounted-for electrical consumption to under 20% of total property-wide consumption (increased metering and elimination of "vampires") - ahead of goal
- ❑ Completed major capital improvement project on the primary incoming feeder and main electrical distribution center to improve reliability and performance of the Brunswick Landing electrical grid.

Objective – Effectively manage and operate the Brunswick Landing wastewater collection system until transfer to the Brunswick Sewer District.

- ❑ Reduced Inflow and Infiltration (I&I) to under 30% of total wastewater discharge – ahead of goal.
- ❑ Awarded construction contract to repair and upgrade the gravity portion of the wastewater collection system.
- ❑ The Brunswick Sewer District has agreed to phase out excess I&I discharges and take ownership of the Brunswick Landing sanitary sewer system upon completion and acceptance of this work.





*Objective – Effectively manage and operate the Brunswick Landing water distribution system until transfer to the Brunswick Topsham Water District.*

- ❑ Reduced unaccounted-for water consumption to under 20% of total property-wide water consumption (increased metering and elimination of “lost water”) – ahead of goal.
- ❑ Completed an assessment of the water distribution system at Brunswick Landing. Identified deficiencies and deferred maintenance impacting efficiency and compliance and developed prioritized and phased upgrade/improvement program.

*Objective – Effectively manage and maintain Brunswick Landing transportation infrastructure system.*

- ❑ Completed reconfiguration of traffic pattern on Admiral Fitch Avenue to improve traffic safety.

*Objective - Provide low-cost, green energy for tenants and other organizations located at Brunswick Landing to support development .*

- ❑ Village Green Venture’s on-site 1 megawatt anaerobic digester began generating electricity providing about 25% of the total Brunswick Landing electricity requirement.
- ❑ 100% of the balance of electricity delivered to the Brunswick Landing campus is renewably generated.

*Objective - Continue to receive un-modified opinions (clean opinion) from independent auditors on MRRA’s Annual Financial Statements.*

- ❑ On October 25, 2016, Runynon Kersteen and Ouellette (RKO) presented an un-modified (clean opinion) to the MRRA Board of Trustees on the financial statements for the period ending June 30, 2016.

*Objective - Grow MRRA’s unobligated fund balance over time to fifteen percent of MRRA’s annual operating budget.*

- ❑ At December 31, 2016, MRRA had an unobligated fund balance reserve of \$2,587,286. The FY 2017 for MRRA, the Brunswick Executive Airport and three utilities (electricity, water and sewer) and annual capital improvement program total \$11,154,500. The reserve fund represents 23.19% of that total.

This year, MRRA was also able to accomplish the following:

- ❑ On January 20, 2016, the Navy issued a Finding of Suitability to Lease (FOSL) for four buildings (29, 201, 221 and 226) and related parcels totaling 4.13 acres along Neptune Drive that are slated for reuse. On April 2, MRRA leased Buildings 221 and 226, the former Thrift Store and Sea Cadet facilities, to Affordable Midcoast Housing along with a Purchase and Sale Agreement to become effective once the Navy conveys the property to MRRA.

- ❑ On June 1, 2016, MRRA leased Building 29, the former Hobby Shop, to the Allied Property Group (division of the Priority Real Estate Group) to develop headquarters for Northeast Mobile Health Services. MRRA also has a Purchase and Sale Agreement on this property with the Allied Property Group to become effective once the Navy conveys the property to MRRA.
- ❑ TechPlace opened its doors in February 2015 with the completion of the initial 20,000 square feet of office spaces. The facility now consists of about 95,000 square feet of office, industrial, manufacturing and common meeting spaces. As of the end of December, we have 32 businesses at TechPlace. In addition to our tenants' use of the facility, TechPlace has already been utilized by a number of partner organizations for training and networking events.
- ❑ On June 8, 2015, MRRA received a Cluster Initiative Grant award from the Maine Technology Institute for \$299,040 to construct and equip a new bioscience wet laboratory at TechPlace and to paint and fit up a new TechShop as shared production spaces for machine, milling and other production activities. InSphero, a TechPlace business, shared in the cost of the construction of the bioscience lab and built an adjacent laboratory space. Work was completed in April and both spaces are now being actively used.
- ❑ In December 2015, Congress passed the National Defense Authorization Act (NDAA), which the President signed into law. The NDAA included language that will make small businesses within the census tracts, including and adjacent to former base facilities, eligible for HUB Zone benefits as a result of an initiative and proposal by MRRA staff and sponsorship by the Maine Congressional delegation. The amendment provided eligibility for businesses within census tracts in the communities most impacted by the base closure (Brunswick, Bath, Harpswell, Freeport, West Bath, Bowdoinham, Topsham and Lisbon). On April 1, MRRA co-sponsored a small business seminar with the U. S. Small Business Administration and the Procurement Technical Assistance Center to provide information to area businesses about the benefits of being a Hub Zone company and the various business opportunities with the federal government and the large federal contractors.
- ❑ In December 2015, the Maine DEP approved MRRA's phase 2 subdivision plan to include properties added in recent conveyances adjacent to the former police station and Frosty's Donuts. This allowed for the sale this year of building 51 (former Hazardous Waste Facility) to Frosty's Donuts, building 81 (former Consolidated Hazardous Material Reutilization and Inventory Management Program (CHRIMP) to New England Tent and Awning, and building 55 (the former Police Station) to the Priority Real Estate Group this spring. Total proceeds were \$890,000.
- ❑ On March 31, MRRA transferred, at no cost, 10.39 acres of property in Topsham to School Administrative District (SAD) 75 adjacent to Mount Ararat Middle School.





- ❑ This spring, MRRA completed the removal of the remaining foundations and fencing associated with the previously demolished buildings in Topsham where the former Marine Corps Reserve facility stood. Based upon an engineering and reconstruction analysis of this structure, it is not cost effective to rehabilitate this structure.
- ❑ In April, MRRA sold lots 21, 23 and 25, along with building 11, the former Navy Exchange, to the Priority Group for \$1,080,001. The Priority Group moved quickly to begin renovations on this 52,381 square foot former Exchange to house the Wayfair Corporation, a Boston based e-commerce furniture company with distribution sites in the United States, Germany, Ireland, and the United Kingdom. This will be a business-to-business operations center with more than 500 employees. A grand opening and ribbon cutting ceremony was held on June 21.
- ❑ With the sale of the former base gymnasium to Tom Wright last September, the building was rehabbed and is now a part of the Bath Area YMCA – known as the Brunswick Y. A Grand Opening was held on May 5.
- ❑ This spring MRRA submitted four projects to the Midcoast Economic Development District for inclusion in the Comprehensive Economic Development Strategy (CEDS), a regional economic development planning process that identifies important sustainable economic development strategies. All four projects were selected as high priority regional projects. Those projects are:
  - ❖ Washburn and Doughty Boat Manufacturing Expansion at Brunswick Landing
  - ❖ Sewer Collection System and Pump Station Upgrades at Brunswick Landing
  - ❖ TechPlace Expansion
  - ❖ Industrial Subdivision Build Out
- ❑ MRRA is currently working with Washburn & Doughty Associates, Inc. of East Boothbay, Maine for a lease and fit up of building 86, the former Ground Support Equipment Maintenance Building that supported the P-3 planes operated by the Navy at the former Naval Air Station Brunswick. This \$1.03 million project involves the upgrade and installation of a crane system in building 86, adding insulation to the roof, installation of a gas delivery system, upgrades to the ventilation system to promote safety, and relocation of an exterior fence. This fall, the Economic Development Administration (EDA) approved a \$517,000 grant request to assist in the Washburn and Doughty commercial boat expansion project at Brunswick Landing. The Town of Brunswick also supported this project with a \$200,000 Community Development Block Grant (CDBG) from the State of Maine. This will create 60 to 70 new manufacturing jobs for the region.
- ❑ On May 31, MRRA closed on a buyout of the Promissory Note it had with Affordable Midcoast Housing for \$944,575. To date, Affordable Mid Coast Housing has closed on 195 housing units in the McKeen Street neighborhood. MRRA received a total of \$1,020,448.50 from the sale of the McKeen Street properties. This new agreement will increase that revenue share to more than \$2.02 million.
- ❑ On May 18, 2016, MRRA received a \$25,000 Co-working Development Fund Grant from the Maine Department of Economic and Community Development to renovate 3,363 square feet

of unfinished space on the mezzanine level of *TechPlace*. This will create six additional office spaces that will be able to accommodate up to 30 individuals. Improvements include upgrading lights, ceiling and wall finishes, carpeting and ADA improvements to bathroom facilities.

- ❑ In May Village Green Ventures began operations of its anaerobic digester that produces methane gas to turn a turbine to generate electricity. This 1 megawatt facility is providing about a third of the power needs on campus through a Power Purchase Agreement with MRRA.
- ❑ The only transaction with the United States Government this year was when the Navy issued a Finding of Suitability to Lease (FOSL) for four buildings (29, 201, 221 and 226) and related parcels totaling 4.13 acres along Neptune Drive.
- ❑ This year, the Federal Aviation Administration approved the following Military Airport Program funds to support capital improvements at Brunswick Executive Airport:

FAA MAP 023 - Pavement Repairs and Maintenance	\$119,300
FAA MAP 024 - Hangar Improvements, Phase 3 - Hangar 4. Fire protection systems and alarms in Hangar 4, separate heating system from TechPlace. Renovate office and shop spaces and install elevator to mezzanine.	\$2,900,000
FAA MAP 025 Hangar 4 Radiant Heating Project	\$1,558,100
FAA MAP 026 - Environmental Assessment and permitting - Tree Clearing, permitting of new fence and preliminary work on permitting a Box Hanger	\$71,100
	<hr/> \$4,248,500

This was matched by a contribution from the Maine Department of Transportation \$236,000 and a similar match from MRRA.

- ❑ The Office of Economic Adjustment within the Department of Defense awarded a grant of \$380,400 to MRRA to support staff salaries and benefits for ten of MRRA's twelve employees.
- ❑ On December 19, the Maine Technology Institute approved a \$495,165 Cluster Grant to MRRA for the construction of shared composite layup room and paint booth at *TechPlace*.
- ❑ This year MRRA signed the following new leases:
  - ❖ FlightLevel Brunswick, LLC, for 1,200 square feet of office space in the General Aviation Terminal, 15,000 square feet of hangar space in Hangar 5, and 1.72 acres of ramp space.
  - ❖ Maine Coastal Flight for 299 square foot office in the General Aviation Terminal Building.
  - ❖ Flight Deck Brewing, LLC for a 360 square foot garage for storage.



- ❖ Spooner Enterprise Law, LC for a law office in Building 200.
- ❖ Washburn and Doughty Associates, Inc. for a 31,980 square foot industrial/manufacturing facility (building 86) for a new boat building manufacturing facility.
- ❖ All Natural Technologies, LLC, a natural pharmaceutical firm occupying a 3,200 square foot industrial/manufacturing facility (building 632).
- ❖ Affordable Midcoast Housing for buildings 221 and 226, the former Thrift Store and Sea Cadet facilities, along with a Purchase and Sale Agreement to become effective once the Navy conveys the property to MRRA.
- ❖ Windflow Technology LTD, for 1,500 square feet in Hangar 5 to store wind blades.
- ❖ Combined Benefits United for office space in building 200.
- ❖ MRRA leased Building 29, the former Hobby Shop, to the Allied Property Group (division of the Priority Real Estate Group) to develop headquarters for Northeast Mobile Health Services. MRRA also has a Purchase and Sale Agreement on this property with the Allied Property Group to become effective once the Navy conveys the property.
- ❖ MRRA signed a lease amendment with SaviLinx tripling the leased space in building 250, which now employs more than 200 people.

This brings the total number of direct MRRA tenants to 33.

- This year, Brunswick Landing Realty Development Corporation, a private company and subsidiary of MRRA which manages and operates *TechPlace* signed the following new use agreements.
  - ❖ New England Oceanographic Laboratory
  - ❖ BluShift Aerospace
  - ❖ Starc Systems for additional space at *TechPlace*
  - ❖ SteriZign, LLC for additional space at *TechPlace*
  - ❖ Wireless Sensors
  - ❖ Village Green Brunswick Landing, LLC

This brings the total number of users in *TechPlace* at year end to 32; just 21 months after opening the doors.

- On September 22, 2016, MRRA signed a Credit Enhancement Agreement with the Town of Brunswick as part of the approval of two Tax Increment Financing Districts at Brunswick Landing. Under this 30 year Agreement, MRRA may receive up to \$15 million to support infrastructure and capital investments to support redevelopment with the annual approval of the Brunswick Town Council.

□ This year MRRA sold the following property:

- ❖ MRRA sold the former Consolidated Hazardous Material Reutilization and Inventory Management Program (CHRIMP) building to New England Tent and Awning. They subsequently built a 4,200 square foot building as a tent drying facility on their property.
- ❖ MRRA sold a 4,200 square foot former Hazardous Materials storage building to Frosty's Donuts for a new manufacturing facility.
- ❖ In March, MRRA transferred 10.39 acres to School Administrative District 75 to supplement adjacent to Mount Ararat High School.
- ❖ In April, MRRA sold lots 21, 23 and 25, along with building 11, the former Navy Exchange, to the Priority Group for \$1,080,001. The Priority Group moved quickly to begin renovations on this 52,381 square foot former Exchange to house the Wayfair Corporation, a Boston based e-commerce furniture company with distribution sites in the United States, Germany, Ireland, and the United Kingdom. This will be a business-to-business call center with more than 500 employees. A grand opening and ribbon cutting ceremony was held on June 21.
- ❖ In May, MRRA sold Lot 5 on Bath Road to the Priority Group. Work began shortly thereafter to construct a new Rusty Lantern convenience store and Irving gas station.
- ❖ In July, MRRA sold the former Small Arms Firing Range building (102) and the Navy Marine Corps Intranet (NMCI) building (223) to TBW LLC. Tom Wright intends on redeveloping these buildings for commercial enterprises including a brewery and private educational institution.



**B. An accounting of the Authority's receipts and expenditures, assets and liabilities at the end of its fiscal year**

Please find attached an Unaudited Financial Report for the period ending December 31, 2016, including a balance sheet and budget report. Also please find attached a copy of the audited Financial Statements for the period ending June 30, 2016. The audit was conducted by Runyon Kersteen and Ouellette. These documents were presented to office of the State Controller for inclusion in the State financial statements for the period ending June 30, 2016. MRRA received an unmodified (clean audit) opinion letter for a ninth consecutive year.

It should be noted that MRRA does not receive a state appropriation as part of the General Fund Budget. MRRA's funds come from a combination of funds from the Office of Economic Adjustment within the United States Department of Defense, and revenues from leases and property sales. Capital improvements projects are funded from a combination of aviation capital improvement funds



from Maine DOT, the Federal Aviation Administration, the federal Economic Development Administration within the Department of Commerce and our own funds.

**C. A listing of all property transactions pursuant to Section 13083-K**

On February 7, 2011 the Navy and MRRA signed the airport Public Benefit Conveyance (PBC) Agreement for 992.2 acres, including three large hangars, a number of aviation-related support buildings and revenue-producing facilities for the airport. The conveyance of title will come over time as properties that are determined to be “clean” through a Finding of Suitability to Transfer (FOST) and are then deed from the Navy. Accordingly, not all the properties can be conveyed at the same time, but in phases as clean-up continues and FOSTs are issued. As of December 31, 2016, MRRA has received a total of 982.59 acres of airfield property and 19 buildings containing 648,553 square feet. As a condition of transfer from the Federal Aviation Administration and the Navy, land and buildings within the Airport property cannot be sold. The Navy did not transfer any PBC property in 2016.

On September 14, 2011 the Navy signed a *Non-Binding Summary of the Acquisition Terms and Conditions for the Naval Air Station Brunswick, Maine by and between the United States of America and the Midcoast Regional Redevelopment Authority* (i.e. term sheet) for a total of 1,098 acres which would be transferred through an Economic Development Conveyance (EDC). In 2016, the Navy transferred by a Lease in Furtherance of Conveyance a total of 6.6 acres and buildings 19, 29, 201, 221 and 226.

As part of the EDC Agreement, MRRA agreed to share annually with the Navy 25% of gross revenues from the sale or lease of EDC property after the receipt of the first \$7.0 million. The revenue share remains in place until gross revenues reach \$37.4 million. There is no revenue sharing in excess of \$37.4 million and less than \$42.4 million. The Authority is required to pay the United States Government 50.0% of gross real estate proceeds in excess of \$42.4 million until September 29, 2034. Property sales and lease revenues during the last fiscal year required a payment of \$1,329,354. To date, MRRA has paid the United States Government over \$7.8 million.

As of December 31, 2016, MRRA has received a total of 69 reusable buildings comprising of 644,751 square feet and 785.32 acres (70.8%) of the 1,112 acres of the non-airport property through the EDC transfer. A number of buildings, largely former security buildings, sheds and functionally obsolete buildings have been demolished through a grant from the Economic Development Administration. To date, MRRA has sold a total of 44 buildings and 404.42 acres of land to seven private sector developers for the redevelopment activity described above.

	<b>Leasable Property</b>	<b>Utility Buildings</b>	<b>Sold</b>	<b>Total</b>
Public Benefit Conveyance	13	6	0	19
Economic Development Conveyance	19	6	44	69
	32	12	44	88

The covenants of the Economic Development and Public Benefit Conveyances from the United States Government require all sales and leases of property must be at market rate.

In summary, MRRA currently manages a total of 32 buildings with 719,390 square feet of commercial, industrial and professional office space for lease along with another 12 utility buildings and all of the associated utilities serving those buildings, including – streets and sidewalks, street lights, traffic signals, electricity, water, sewer and stormwater utilities.

In 2016, MRRA sold seven buildings containing 82,554 square feet on 15.96 acres of land. MRRA also sold a vacant 2.66 acre parcel on Bath Road to the Priority Group which used to the property to construct a convenience store and gas station. MRRA also donated 10.39 acres to School Administrative District 75 adjacent to Mount Ararat High School.

<i>Building and/or Property Sold</i>	<i>Date</i>	<i>Acreage</i>	<i>Building Square Footage</i>	<i>Sale Price</i>
Sale of Lot 45 (.87 acres) Building 81 to New England Tent and Awning	February 25, 2016	0.87	7,000	\$225,000
Sale of Lot 46 (.75 acres) and Building 51 to Frosty's Donuts	March 31, 2016	0.75	4,200	\$255,000
Transfer of 10.39 acres to School Administrative District 75	March 31, 2016	10.39		\$0
Sale of Lots 21 and 23 (7.67 acres) and building 11 to Priority Group	April 04, 2016	7.67	52,381	\$1,080,001
Sale of Lot 5 (2.66 ) to the Priority Group	May 04, 2016	2.66		\$503,000
Sale of Lot 47 (1.2 acres) building 55 to the Priority Group	May 06, 2016	1.20	10,014	\$410,000
Sale of Lot 17 (5.47 acres) Building 102 and 223 to TBW	July 08, 2016	5.47	8,959	\$400,000
		<b>29.01</b>	<b>82,554</b>	<b>\$2,873,001</b>

All tolled MRRA sold 29.01 acres and 82,554 square feet for a total of \$2,873,001 in 2016. To date, MRRA has sold a total of 44 buildings encompassing 560,910 square feet.

***D. An accounting of all activities of any special utility district formed under Section 13083-L***

In September of 2011, the Navy transferred all utilities on the base, including the potable water distribution system, the sewer collection and pump station assets, stormwater collection system and the electrical distribution system. We have inherited the Navy's utility systems, but without the financial wherewithal of the federal government. We are faced with the major challenges associated with providing and maintaining services to the businesses, organizations and residential properties located on our properties and securing sufficient funding needed to maintain and repair the utility system at Brunswick Landing. On October 1, 2011, MRRA began providing electrical distribution services, water and sewer/stormwater services to our tenants and property owners at Brunswick Landing.

This year also marked MRRA's sixth year of operating a regional general aviation airport, which is becoming a great asset for the Midcoast region, with over 16,000 takeoffs and landings, just this year. With the inclusion of the Brunswick Executive Airport in the FAA's Military Airport Program (MAP), the federal government, in partnership with the State of Maine and MRRA, made substantial investments this year at the airport including:

***E. A listing of any property acquired by eminent domain under Section 13083-N***

No property was acquired by MRRA through its powers of eminent domain.

***F. A listing of any bonds issued during the fiscal year under section 13083-I***

MRRA did not issue any bonds during 2015.



The voters of Maine, however, approved a state transportation improvement bond back in 2009 that included \$500,000 for investment in aviation facilities at the airport facility in Brunswick. These funds were used as the local match for FAA Military Airport Program investments at Brunswick Executive Airport. Each dollar of state investment leverages \$18 from the FAA and another \$1 from MRRA.

The State Legislature and the voters of Maine also approved a bond referendum for \$3.25 million to address Americans with Disabilities Act deficiencies for buildings, utility meter upgrades, building removals and other public improvements to support base redevelopment and job creation. As of June 30, 2013, all funds had been drawn down by MRRA from the State of Maine.

While not a bond, MRRA, through one its affiliates, the Brunswick Landing MHC USA LLC, borrowed \$10.3 million from Bangor Savings Bank and a new market tax credit investment of \$4.0 from Wells Fargo Bank two years ago (December 29, 2011) to finance the construction of an 79,600 square foot "build to suit" manufacturing facility for Mölnlycke Healthcare at Brunswick Landing. The building was completed in March of 2013 and now employs 79.

***G. A statement of the Authority's proposed and projected activities for the ensuing year***

Please find attached a copy of MRRA's Business Plan for 2017.

***H. Recommendations regarding further actions that may be suitable for achieving the purposes of this article***

The creation of new jobs and the timing of such at NASB will be dependent on several factors, including, but not limited to: receipt of successful and timely conveyances from the Navy for the remaining buildings and land, the condition and stability of the national and local economic markets; and the availability of sufficient financial resources for property management, security and operations, infrastructure, property improvements and marketing.

Successful redevelopment of closed bases is a very long-term proposition, which requires substantial public and private resources and patience. A key element in successful base redevelopment efforts is the level of support provided by the local, state and federal governments.

With the leadership and broad support of the Maine Legislature, the voters of Maine approved an \$8.0 million bond issue back in 2009 to support the redevelopment effort. This bond included \$3.25 million to support investment in infrastructure replacement/upgrades and building upgrades to meet civilian reuse and \$4.75 million for Southern Maine Community College to rehab buildings. The bond has been an important key this past year to our ability to bring new businesses to Brunswick Landing.

In addition to the bond issue for capital projects, the State of Maine adopted two additional pieces of legislation that will be key to ensuring the rapid and successful redevelopment of NAS Brunswick. The first is the Brunswick Naval Air Station Job Increment Financing Fund that was established in 2009 to direct a portion of new state income taxes from jobs created at the former NAS Brunswick and Topsham Annex back to MRRA and Southern Maine Community College. This economic development tool is a performance based tool; meaning that the greater the number of job created and the higher the incomes of those jobs, the greater the revenue to support base redevelopment

and expansion of the programming at the Brunswick campus of SMCC. This year, MRRRA received just over \$67,000 from the J-TIF program.

The second new tool, which already has had a significant statewide impact, is the Legislature's decision to exempt all aircraft and repair parts for aircraft for the period of July 1, 2011 through June 30, 2015 (the legislature then amended the bill and made the exemption permanent.) The State's previous policy created a "black mark" on the State of Maine by the aviation community as place to avoid as an aviation destination or to conduct business. This decision has had a statewide impact on growth in the aviation sector. This change in the law has also provided the impetus for the Brunswick Executive Airport to lead an initiative, with supportive funding from the Maine Office of Tourism, to develop the Maine Flying Trail to help promote Maine to the flying public as an aviation destination. Without this change in legislation, Kestrel Aviation would not have started operations here, Tempus Jets would not have expanded its operation from Virginia to Maine and MVP Aero would not have located here.

Finally, MRRRA would encourage the Governor and Legislature to constantly evaluate the state's business assistance program in an effort to keep pace with the economy and the changing needs of businesses, including, but not limited to, workforce development and capital assistance.

***I. A description of the MRRRA's progress toward achieving the goals set forth in Section 13083-G:***

1. **Short-term goal.** Recover civilian job losses in the primary impact community resulting from the base closure; **(Accomplished in 2015)**
2. **Intermediate goal.** Recover economic losses and total job losses in the primary impact community resulting from the base closure; and
3. **Long-term goal.** Facilitate the maximum redevelopment of base properties.

Naval Air Station Brunswick employed 714 civilians at its Brunswick and Topsham sites at the time of the base closure announcement. After just 66 months from the official date of closing the base in May of 2011, there are over 1,213 individuals working at Brunswick Landing; up from 822 last year.

Thank you for your interest and support of this important economic development project for the State of Maine.

Sincerely,



Steven H. Levesque  
Executive Director

cc. John Butera, Governor's Office  
George Gervais, Commissioner, MaineDECD  
Grant Pennoyer, Executive Director, Legislative Council  
Joint Standing Committee on Labor, Commerce, Research and Economic Development  
Brunswick Legislative Delegation



Brunswick Town Council  
Topsham Board of Selectman  
John Eldridge, Brunswick Town Manager  
Rich Roedner, Topsham Town Manager  
MRRA Board of Trustees  
Jeffrey K. Jordan, Deputy Executive Director