



**Kennebec Valley
Economic Development District**

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**CEDS Committee Minutes
December 1, 2009
11:00am-1:00pm**

The Comprehensive Economic Development Strategies (CEDS) Committee met on December 1, 2009 at 11:00 am in the Conference Room at KVCOCG in Fairfield.

Members Present

Clifford Andreasen, Farmingdale
Ann Beverage, Waterville
Jim Batey, Somerset Economic Development
George Gervais, Maine DECD
Leonard Dow, FirstPark
Roger Averill, Benton
Bruce Harrington, Fairfield
Kathryn Ruth, Pittsfield
Jason Simcock, Gardiner Economic Development
Robert Worthley, Anson
John Milbrand, MaineGeneral
Jeff Hewett, Skowhegan Economic Development
John Doucette, Skowhegan
Mark Robinson, Fayette
Norman Dean, Madison
Peter Thompson, KV Chamber of Commerce
Irene Belanger, China
Joy Hikel, Madison Economic Development
John Christie, Maine Career Center
Mike Foresley, Financial Planner in Waterville

Guests Present

Peter Nixon

Staff Present

Ken Young, Executive Director
Heather Carey, Office Administrator
Cole Palmer, RLF Director
Gail Chase, Community Development Mgr.

1. Welcome:

Peter Thompson, Chair, opened the meeting. Introductions were made around the table.

2. Approval of Minutes:

A motion to approve the minutes of the October 6, 2009 meeting was made by Clif Andreason. The motion was seconded by Bob Worthley. The motion was unanimously approved.

3. Presentation: Peter Nixon, President of FairPoint Communications, gave a presentation about his company and its plans for the future. They currently have 32 companies in 18 states. FairPoint has been in New England since 1994 and has over 400 thousand customers in Maine. They started looking at the Verizon properties because they believed that broadband is the future of the industry and planned to expand those services in this area. They also desired to offer more services to small and medium sized businesses. In purchasing Verizon properties in 2007, they then had to convert over 600 electronic data management systems into their systems. They also made the decision to hire over 650 employees in this area to operate various systems that Verizon had previously operated from across the country and not locally. They also spent \$15 million bringing the vehicle fleet up to standards in the first year, using New England dealers. Approximately 62% of residences had access to broadband, they have since opened up several markets allowing thousands more residents to have access to broadband. They have invested in the next generation infrastructure (IP based), which is the foundation they are using to build the rest of the network; the IP based infrastructure has not yet been launched commercially.

The recent financial crisis struck as FairPoint was closing on its borrowing package. Interest rates on its bonds went from about 5% to more than 13%. Ultimately, FairPoint filed for Chapter 11 bankruptcy to reduce and restructure their \$2.7 billion debt to a more manageable amount (approximately \$1 billion). This will lower its interest cost by about \$135,000,000 annually freeing resources to continue investing in the network per the business plan. They are continuing to deploy broadband and to lay fiber. FairPoint is still hiring. They have also applied for 2 grants for broadband infrastructure to assist un-served or underserved areas. They have also increased staff at the South China call center (one of two in the country) and added employees in their Winthrop location. FairPoint feels that their biggest role in this community is to assist in attracting businesses to the area. They have set up a website for people to register if they do not currently have access to broadband:
www.iwantmybroadbandfromfairpoint.com.

4. Project Updates: RLF, CDBG, and EDA:

Revolving Loan Fund: Cole Palmer – RLF Director

Loan demand is quite good right now. We just approved a small accommodation of \$20,000 at the last RLF Committee which will create 4.5 new jobs. We will be presenting a request for \$200,000 in financing to RLF Committee next week. This deal will be partnered with CEI and TD Bank and represents a total package of in excess of \$3,000,000. Jobs created will be in the 10 to 20 range initially with more expected later. The jobs created will be of reasonably high quality paying \$35,000 or so with benefits. We are also looking at several additional deals that could total as much as \$500,000 in additional loans over time. Of these, it would appear that one could close as early as February and would represent \$150,000.

We have slightly more than \$1,000,000 available to lend.

In spite of the uptick in demand, economic conditions continue to be poor. One of our manufacturing clients has seen revenues drop over the past year and a half from \$6,000,000 to \$3,500,000 annually. Another retailer has seen units sold drop from 400 to 100 over the past 12 months.

CDBG and Brownfields Updates: Gail Chase – Community Development Manager

KVCOG provided technical assistance to 22 municipalities and one county during the first 5 months of the 2010 CDBG grant program: Anson, Athens, Belgrade, Bingham, Cambridge, China, Fairfield, Fayette, Gardiner, Madison, Manchester, Norridgewock, Palmyra, Pittsfield, St. Albans, Skowhegan, Solon, Starks, Thorndike, Waterville, Winslow, Unity, and Kennebec County.

Deadlines:

Letters of Intent are due this Friday, December 4, 2009, for the Public Facilities and the Public Infrastructure programs. Applications for those programs are due on January 22, 2010.

Letters of Intent are due on January 22, 2010 for the Downtown Revitalization and Community Enterprise grant programs. Applications for those programs are due on March 5, 2010.

Brownfields Assessment Grant: KVCOG's environmental consultant performed Phase I assessments in the towns of Madison, Manchester and Winslow and has finalized the Quality Assurance Project Plan for a Phase II assessment in Manchester. We will continue to work with municipalities in our region to identify prospective sites.

KVCOG will leverage CDBG funds for Brownfields projects where appropriate.

EDA and Mobilize Maine Updates: Ken Young – Executive Director

KVCOG will be administering two US EDA grants recently awarded for Hartland and Pittsfield. As part of the reauthorization of EDA, Congress is considering a change in the formula that would increase the size of the EDA match for public works projects. This change should benefit projects in rural areas in the region by reducing the local share of project costs.

Mobilize Maine: there has been some progress on the funding for this project. We will be holding a meeting on December 8th to review the status and to make plans for the future. We anticipate being able to develop a calendar of projects for 2010.

5. Plans for Investments in Infrastructure and Quality of Place projects

We plan to develop a questionnaire identify and to help rate and rank of future EDA projects. We expect to produce the survey by the end of January with the assistance of the University.

6. Member Roundtable:

Benton: No new projects at this time.

MaineGeneral: Filed their letter of intent for the new regional hospital in Augusta.

Gardiner: Applying for Certified Local Government for the historic district.

China: They have a new Rescue unit that is being delivered anytime. The one-room schoolhouse in Weeks Mills is under construction. They also hope to reactivate their economic development committee. They also now have a new Hannaford's. The transfer station has some new bailers that requires a new addition to one of the buildings

Waterville: All departments in the city must cut 5% of their budgets. We anticipate some new businesses moving into downtown soon.

Skowhegan: Working on a CBDG grant and a riverfront grant. WalMart is expanding at their facility. Market Square is also expanding. The Renaissance Building is also ready to go and some plans are under way. Main Street has been rejuvenated.

Anson: Cousineau is working with a CBDG grant to expand their laminate products with the intent to reopen their sawmill next spring.

Fairfield: Many loans are occurring; some refinancing from other banks and some new business loans. Josh Reny, Economic Development Director resigned.

Madison: Expansion is going well at Backyard Farms.

KVCC: 3 new Hannaford's in the area; FPL building their new headquarters in Hallowell; another small manufacturer is moving in as well.

7. Next Meeting: February 2, 2010 - John Dalton, CEO of Inland Hospital in Waterville, will be our speaker. He will present Inland's position on healthcare in this area.

KVCOG's Board of Director's will meet on December 9th with a review of the FY2009 Audit.

Adjournment: John Doucette moved to adjourn the meeting. Jason Simcock seconded the motion. The motion was approved.