

Minutes
SKOWHEGAN ECONOMIC DEVELOPMENT CORPORATION
SPECIAL MEETING
June 11, 2018
7:00 AM
Renaissance Center – Conference Room

Members Present:

Jason Gayne, Chairman
Doreen Poulin, Vice-Chairman
Betty Austin
Sally Dwyer
Bill Finley
Kurt Maynard

Members Absent:

Kristina Cannon
Matt Dubois
Reid Gibson
Todd Smith, Treasurer

Others Present:

Dena Rich, Recording Secretary
Jeff Hewett, Director of Economic & Community Dev.
Travis Works, Principal Cornville Regional Charter School

1. Call regular meeting to order.

Jason Gayne called meeting to order at 7:02 a.m., quorum was met.

2. Discussion and decision on Subordinate request from Bangor Savings Bank for Cornville Regional Charter School.

Jeff Hewett gave the Board the background on why this is coming in as a special meeting. When the Board had agreed to the original loan, we had agreed to subordinate to Bangor Savings Bank for the \$700,000 loan they were doing with CRCS. This was based on USDA backing Bangor Savings Bank loan, but this loan never happened. In the Process they created a 2.5 million dollar loan which our office did not find out about till Thursday afternoon, because they were doing a closing on the 2.5 million and need a subordinate from us for our loan. Jeff said he did not see the subordinate agreement till the following morning on Friday. Jeff said he contacted Jason Gayne and they spoke and said that we would need to have a meeting with the Board about this. Also, this would need to go back in front of the Selectmen with a recommendation that SEDC if we do want to subordinate for the 2.5 million dollars loan. Jeff Hewett introduced Travis Works and said he is here to give an update on his side of this loan. Jeff Hewett did say he is not sure why they got so close to a closing before they found out there were some issues. Jeff explained to the Board that when he called for this meeting he had talked to Rick Founier

at Bangor Savings Bank and he was under the impression that they would have to put a hold on the closing. Jeff Hewett said that he found out later in the day on Friday after we had contacted the Board to hold a special meeting that they decided to close on the 2.5 million dollar loan. Bangor Savings Bank is still requesting a subordinate agreement from SEDC, Jeff did state he told them upfront that there was going to be no guarantee that it would be granted because we are really starting from scratch since this not what we originally agreed to.

Travis Works said that when we came original to the Board we were looking at \$700,000 loan. Then once we got into the exploratory phase we recognized that we were going to have to combined what was called phase I, II and III projects into phase I. That included the elevator shaft, mechanicals and included a lot of unanticipated costs. When they were going through that last summer they looked at expanding the loan to complete the project. The total came to 2.5 million which includes the cost of the building and everything for all 3 phases. There was a lengthy process to secure USDA backing because of the amount of the collateral that the building held even with the investment isn't there. So, the USDA has backed about 90% of the full loan through Bangor Savings Bank. Travis Works did apologize to Jeff on the miscommunication through the loan process.

Jason Gayne let the Board know that the loan through Bangor Savings Bank includes all three buildings that the School operates out of as collateral.

Jeff Hewett let the Board know that if we do not do the subordinate agreement, we are second on the South Factory campus and the Downtown campus and we are first on the Cornville Campus. If we choose to make recommendation to subordinate we would then be third on the South Factory and Downtown Campus and second on the Cornville Campus.

Jeff Hewett said to the Board that we have three options:

Option 1 we do not subordinate

Option 2 we approve the subordinate

Option 3 we say to pay off our loan and then it is clear for their loan for our positions

Betty Austin asked what would happen if we said no we don't want to subordinate will it affect the loan with Bangor Savings Bank?

Jeff Hewett said it can't affect it really because they already closed on Friday.

Travis Works tried to make contact with Rick Fournier at Bangor Savings Bank to help clarify any questions; Rick Fournier did not answer.

Jeff Hewett let Travis Work know that he would be in contact with him this morning for the decision from the Board. (Travis Works left our meeting)

Motion by Billy Finley, seconded by Betty Austin to not agree to subordinate the mortgage to Bangor Savings Bank. Vote 5-0-1, motion carried Jason Gayne abstained.

This vote was also based on that the Board felt that the Selectmen would not agree with this subordinate agreement.

3. Items by the Members

No items by the Members at this time.

4. Economic & Community Development Office Items

Jeff Hewett let the Board know that he was meeting with Eden from Eastern Maine Environmental the company doing the abatement on the KVI. The company will be at the building to with a man lift to open up the first and second floor exterior of the building, to see how much asbestos. Jeff Hewett said once he knows how much of an issue this is, he will email out to the Board the findings.

Motion to adjourn by Sally Dwyer, seconded by Betty Austin at 7:48 a.m.