

BAINBRIDGE DEVELOPMENT CORPORATION

2016 ANNUAL REPORT



1,185 Acres

Prime location between Baltimore, Philadelphia and DC

Close proximity to major International Airports

Fiber capabilities

Multiple points of access including I-95 interstate, multiple rail lines and deep water access to the Susquehanna River

Fast-Track designation

Enterprise Zone designation

Priority Funding Area

Available sewer capacity

Overhead transmission lines

8" high pressure gas main

Raw water supply

Management Statement

Participation and support from State agencies, political offices and various public and private organizations is key to the success of the BDC and the Bainbridge Development project. While engaging stakeholders on project activities and updates is a general practice, this past fiscal year has been an exceptional year for support on behalf of the BDC, especially from Local, County and State government. The BDC has fostered a very positive working relationship with the Governor's Office whose staff aided in the creation of various vital meetings with federal agencies.

The BDC is fortunate to have the support of a vast number of individuals, organizations and agencies from which we draw insight, expertise and support. The Maryland Departments of Commerce and the Environment have been invaluable; the support of Senators Cardin and Mikulski and Congressman Harris raised the profile and importance of the redevelopment efforts at all levels; the support of Governor Hogan and Lt. Governor Rutherford gained needed attention of the USN; the support of Cecil County and its Delegation have been instrumental; and, without the consistent voluntary efforts of the members of the Board there would be no Bainbridge.

...Acknowledgements

Operational Overview

The Bainbridge Development Corporation (BDC) was created in 1999 by the Maryland State Delegation, via HB 1152, to develop and implement a dynamic sustainable plan for the former Bainbridge Naval Training Center which transfers the site into productive use by the public and/or private sector. In order to accomplish this goal, the BDC is managed by the Executive Director and governed by a 15 member Board of Directors (9 appointed and 6 Ex-Officio). Board members serve on various standing committees including:

- Executive Committee: Chair, Vice Chair, Treasurer
- Finance Committee: reviews and makes recommendations on the annual budget, internal controls and yearly audit.
- Communications Committee: coordinates public releases, presentations, briefings and all communication strategies.
- Environmental Committee: keeps environmental regulations and standards in compliance.
- Tome School Committee: oversees all Tome School activities and funding opportunities.
- Real Estate Committee: investigates and oversees development opportunities.
- Nominating Committee: provides recommendations for officers.

Although the BDC was created by State Legislature, it was established without a funding source. MTPM LLC, the development team for Bainbridge, funds all operations and maintenance expenses for the BDC and the Bainbridge property. The BDC office has 2 staff members, an Executive Director and Project Coordinator. Limited funding and resources are a constant constraint for the BDC, it's mission and development goals.

FY16 Revenues \$419,104

| | |
|--------------------------|--------------|
| Annual Operating Payment | \$337,652.64 |
| Interest | \$1,253 |
| Grant Revenue | \$32,182 |
| Other Income | \$48,016 |

FY16 Expenditures \$382,558

| | |
|-------------------------------|-----------|
| Office Supplies and Equipment | \$5,662 |
| Operating Expenses | \$11,946 |
| Professional Fees | \$233,772 |
| Property Management | \$58,010 |
| Salaries | \$65,666 |
| Tome School Events | \$1,403 |
| Travel | \$1,695 |
| Utilities | \$4,404 |

2016 BDC Board of Directors

Michael Pugh- Chair

Lisa Webb- Vice Chair

Chick Hamm- Treasurer

DIRECTORS

EX-OFFICIO

| | |
|--------------------|---------------------|
| Joseph Brant | Wayne Tome (Town) |
| Mario Gangemi | Tari Moore (County) |
| Carl Roberts, Ed.D | Mike Gill (COMM) |
| Jim Reynolds | Bob Brennan (MEDCO) |
| Matt Roath | Jane Roger (DGS) |
| Martha Barchowsky | Michael Day (MHT) |

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Delegate Jay Jacobs

Delegate Jefferson Ghrist

Delegate Kevin Hornberger

Delegate Steven Arentz

Delegate Teresa Reilly

Delegate Mary Ann Lisanti

Senator Stephen Hershey

Senator Wayne Norman

Dr. D'Ette Devine

Dr. Mary Way Bolt

The BDC's Year in Review

Economic Development

Regardless of any ongoing environmental issues on the Bainbridge property, the BDC, Cecil County and MTPM continued to market the site as a prime location for commercial and/or industrial development.

As a result of participation in the 2015 Cecil County Broker Event as a tour sponsor, top commercial brokers from across the State and surrounding areas participated in the event and showed great interest in the Bainbridge property.

While we had several potential projects, the BDC lost two large, highly qualified prospects that would have had a major economic benefit to the community, due to lack of available wastewater services. In April 2016, when the most recent prospect was lost, the BDC pulled together a team of public and private environmental, health, regulatory, development, engineering and finance professionals to implement water/wastewater services to the site, soil management processes and streamlined permitting.

As a result, the concept of creating a 100 acre site-ready development district, subdivided, served by water/wastewater with a public private partnership agreement was agreed necessary by all parties. This is currently an ongoing action item.

U.S Navy and Department of Defense

Federal Leadership felt the solution identified by the U.S. Navy (USN) in 2014 to use CERCLA 104(j) was not the appropriate solution and altered the path that had been pursued between the state and federal officials for over 18 months of negotiations. At a time when BDC and MTPM anticipated an agreed upon solution with USN, in October 2015, USN withdrew their support of the process; however agreeing to still work with the State quickly, but using a different course.

During these events, the BDC secured outside legal expertise on environmental matters from Kutak Rock to support the State of Maryland Office of the Attorney General. These services are being funded by the BDC and MTPM.

While discussions continued and included the Department of Defense (DOD), no real solution was coming to the forefront and therefore BDC/OAG sent a Notice of Intent to the USN in early May 2016, notifying of the BDC's intent to file suit for the necessary cleanup at Bainbridge. Following that notice, the USN and DOD communicated a proposed solution for Bainbridge to the Governor's Office which was presented to the BDC Board of Directors in hopes of initiating a final pathway to resolution.

As a result from these discussions with the Department of Defense, the BDC applied for federal funding from the Office of Economic Adjustment (through DOD) for additional soil characterization and the development of a revised reuse plan. This would provide additional data to better understand data gaps and costs associated with cleanup, in addition to a reuse plan that would consider environmental and market conditions.

The award would be granted in the upcoming fiscal year with the anticipation of completing the scope of work by the Spring of 2017.

Additionally, in 2016, the Naval Facilities Engineering Command (NAVFAC) completed their third five year review to evaluate current remedies on site. NAVFAC continues to claim that remedies chosen for the landfills and fire training area are functioning as designed, even though performance standards that were to be achieved by 2005 continue not to be achieved to this date. Due to methane exceedances being monitored by BDC, NAVFAC installed a trench system to mitigate the elevated levels. MDE is overseeing the monitoring program.

BDC continues to monitor various constituents of concern as deemed appropriate by state and federal regulatory agencies.

Tome School

The BDC and Tome School committee worked closely with the U.S. Department of Agriculture (USDA) to restructure the Tome School project, funded with a Rural Business Development Grant. The project scope was awarded to Weston Solutions, an Environmental Management company stationed in West Chester, Pennsylvania.

The outcome: a feasibility study and a forward looking strategic path for the National Historic Jacob Tome School for Boys Campus.

The Tome School feasibility study took a close look at market conditions (real estate, economic, demographic, industry trends) as well as physical characteristics (environmental, topography, infrastructure, location,) to determine the highest and best use for the property. Great attention was given to the historical components of the buildings and the campus, including use of a historical preservation contractor and participation by the Maryland Historical Trust.

Once all necessary research was completed, economists analyzed and weighed potential development expenditures versus revenues to produce a project proforma for the Tome School Development. The results from the report paint a dismal future for development potential at Tome School. Although magnificent in their construction and monumental in their historical significance, economic data indicates through the financial model that redevelopment at Tome School is financially infeasible due to the high cost of historical restoration. Even after utilizing the historic tax credits of up to 40% of construction costs, preservation alone (which does not include fitting the structures for a specific user) would cost upwards of \$40 Million for the 7 remaining structures, a risk most developers are unwilling to undertake and a budget that far exceeds the abilities of the BDC.

While the BDC will continue to seek funding for small scale projects to benefit the Campus, development projects will not be pursued for now. The report in its entirety is available on the BDC website. Although development priorities at Tome School are "on hold", the BDC continued to welcome community participation, photography and site tours of the historic campus hosting roughly 400 visitors from July 2015 through June 2016. For example, BDC hosted the Tome Alumni event with 125 guests, conducted a tour for the WAVES with 140 former WAVES and held Bainbridge Sunday with over 200 participants. BDC continued to apply for assistance from various local and state programs like the County VLT, the Maryland Heritage Area Authority, as well as the Preservation Maryland Six-to-Fix program, but without success.

Public Outreach

The BDC participated in a number of public outreach efforts this year, including Congressional meetings, Town and County Council meetings, and briefings to local development organizations. Most notably, the BDC met with Assistant Secretary of Department of Defense John Conger in an attempt to ignite the slow efforts being made by USN. This meeting initiated the involvement of the DOD in discussions and as an additional control closely monitoring the actions of the USN. The Office of the Lt. Governor has been closely involved as the BDC provided briefings in July, September and March. A main focus of these discussions was securing aide with Navy issues and funding for Tome School. Briefings were provided to the local Delegation and the Economic Development Commission in April to alert members of recent development activities and the status of discussions with the Navy. Meetings were also held with Town Council and Cecil County Department of Public works to discuss development related items including zoning and infrastructure.

FY2016 Open Board Meetings

August 17, 2015
September 21, 2015
November 16, 2015
December 14, 2015
June 13, 2016

FY2016 Closed Board Meetings

August 17, 2015
September 21, 2015
December 14, 2015
January 25, 2016
April 4, 2016
May 16, 2016



THE BIG PICTURE...

With funding received from the Department of Defence Office of Economic Adjustment, an environmental assessment and reuse project was established that will provide necessary environmental data to develop a remedial plan and revised reuse development plan for the site. On this page you will see a depiction of the necessary stages and the critical path involved to successfully complete this project and better position the BDC for pursuing development projects moving forward.

STEP 1: DATA MAP

Various environmental studies have been completed on the Bainbridge property, however, there is currently no resource that pulls all of the information together into one format highlighting where data gaps exist. The first task of this project will be to pull all existing environmental knowledge, site details (topography, wetlands, roads, infrastructure) and previous uses into a comprehensive useful geodatabase, an ArcGIS web application.



STEP 2: SOIL CHARACTERIZA- TION

Using the information from the Data Map, a work plan will be developed to specifically target the data gaps, proposed residential development and areas of concern to characterize the soils. A Site Characterization Report will be prepared that documents the completed fieldwork, presents sample analytical results, and includes a risk assessment. The Maryland Department of the Environment will oversee, review and approve of the sampling work plan.

CHARACTERIZATION AND REUSE STRATEGY



STEP 4: REUSE PLAN

Once all environmental steps are completed, the new data, risk assessment and remedial strategy will be used to produce a revised reuse plan for the Bainbridge site that considers all environmental conditions on site and is consistent with opportunities in the local and regional marketplace to produce the highest potential for success.



STEP 3: REMEDIAL STRATEGY and RISK ASSESSMENT

The results of the field work, risk assessment and validated data sets will be used to develop a remedial strategy and plan to describe the timely and effective completion of steps toward integrated remediation and development of the site.

A Focused Approach...

After losing a strong prospect at Bainbridge, the BDC, Cecil County and State of Maryland made a commitment to better prepare Bainbridge for development to ensure that another loss would not be suffered. This created a working group to oversee the creation of a "Development District"; a 100-acre shovel ready parcel that would have all necessary preparatory work (site-work, planning, permitting, etc.) for a commercial user. A primary goal of this workgroup is to establish a Partnership Agreement to involve all necessary parties (State, County, Town, BDC, MTPM) and layout their individual roles. On this page you will see a depiction of the necessary stages and the critical path involved to successfully complete this task.

SITE WORK

MTPM LLC, has provided a preliminary location for the 100-acre commercial parcel to be located. Once the location is finalized, using results from the characterization report, the parcel will be taken through the official subdivision processes to create a separate boundary survey for the parcel. Once preparatory and planning tasks are finalized, the necessary on-site improvements will be made, including infrastructure lines, grading, and pad site development.

INFRASTRUCTURE

Artesian and Cecil County Public Works are working closely to resolve the infrastructure issue on site. DPW has met with BDC and MTPM to discuss the WWTP location, cost and design, to be constructed on Bainbridge. An amendment to the CIP has been approved by the County Council to provide the necessary funding for design work associated with a new WWTP on Bainbridge. In addition to the CIP amendment, the County Council approved changes to the Master Water and Sewer plan to include the new WWTP project. Cecil DPW has given their commitment to provide sewer services to a small user, shall one come along during the design and construction process of the new WWTP.

COMMERCIAL DEVELOPMENT DISTRICT

PROJECT FUNDING

The cost necessary to implement this project will be shared between various organizations and agencies, and that cost share is still being finalized. Preliminarily, Cecil County DPW has committed to funding 50% of the WWTP costs while 25% has been committed from MDE via State Grants and 25% committed from BDC. BDC believes that various State and Federal funding sources can aide in the cost for the needed infrastructure. On-site improvement projects will be financed by MTPM, LLC.

PERMITTING AND APPROVALS

Processes and timelines for review and approval of plans and permits often moves slower than a development timeline. The State, County and Town have committed their support to fast tracking any and all processes necessary to ensure that the Development District at Bainbridge can be successfully completed by the end of calendar year 2017.



BAINBRIDGE DEVELOPMENT CORPORATION STAFF

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