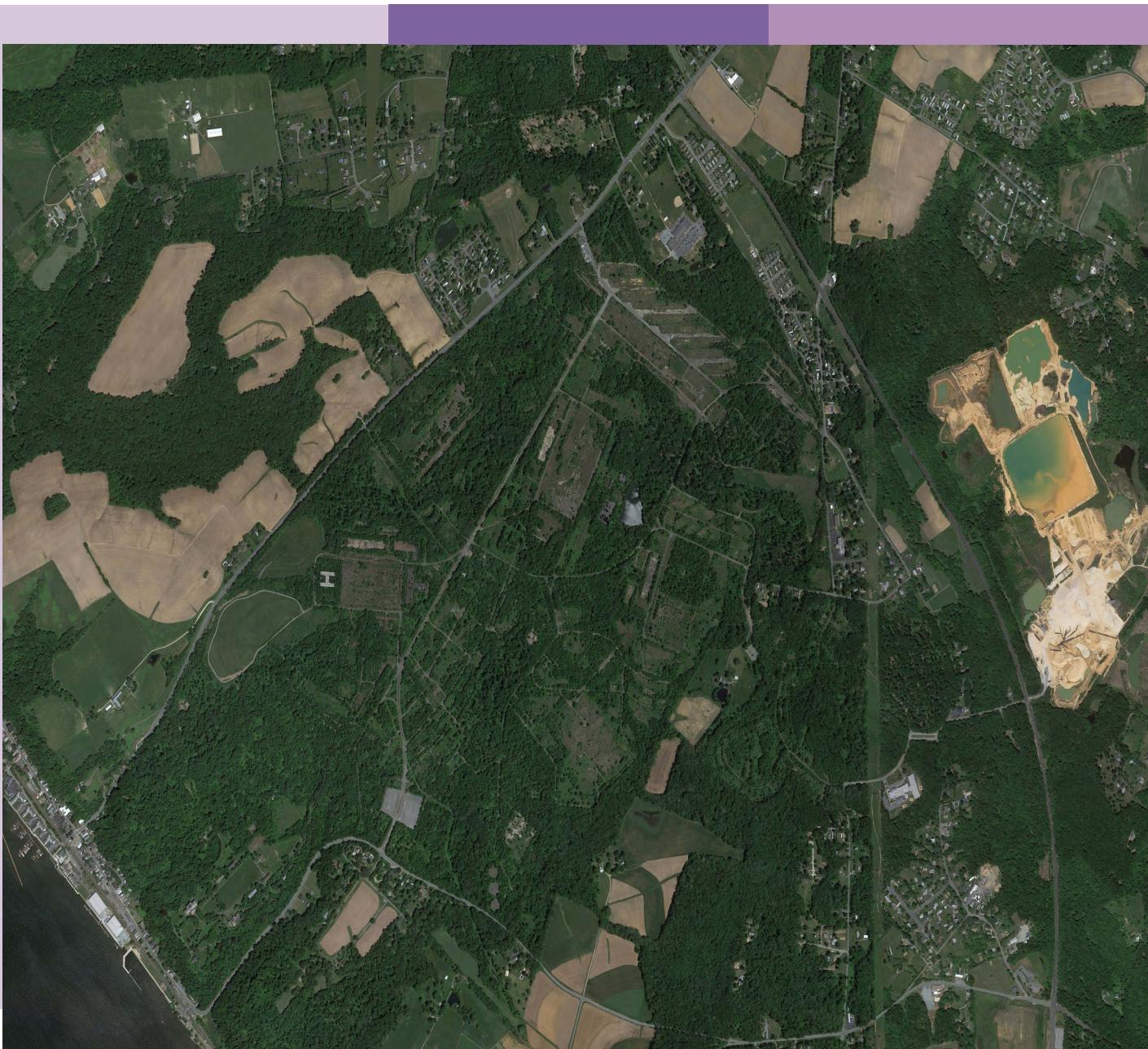


BAINBRIDGE DEVELOPMENT CORPORATION

2019 ANNUAL REPORT



1,185 Acres

Prime location between DC,
Baltimore and Philadelphia

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

Upcoming sewer
capacity

Overhead transmission lines

8" high pressure gas main

Raw water supply

Operational Overview

The Bainbridge Development Corporation (BDC) was created in 1999 by the Maryland State Delegation, pursuant to HB 1152, to develop and implement a dynamic, sustainable plan for the former Bainbridge Naval Training Center, and which would transfer 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, comprised of 9 residents of Cecil County (volunteers) and complimented by representatives from applicable State agencies.

The BDC utilizes various committees to support the critical elements and activities of the Corporation, including, but not limited to, Communications, Development, Finance and Tome School.

A development agreement has been executed between the BDC and MTPM LLC., which secures yearly funding for the BDC's operational and development activities and provides MTPM with an option on the property.

To address technical activities, the BDC utilizes various contractors, consultants, and subject-matter experts for support ranging from property management and environmental compliance to legal services, engineering and land planning.

This report covers the period of July 1, 2018 - June 30, 2019.

FY19 Revenues	\$373,995
Annual Operating Payment	\$368,962
Interest	\$5,033
FY19 Expenditures	\$307,704
Office Supplies and Equipment	\$3,426
Operating Expenses	\$16,794
Professional Fees	\$154,765
Property Management	\$56,980
Salaries	\$64,703
Travel	\$5,172
Utilities	\$5,864

2019 BDC Board of

Carl Roberts- Chair

Chris Moyer- Vice Chair

Chick Hamm- Treasurer

DIRECTORS

Joseph Brant

EX-OFFICIO

Wayne Tome (Town)

Mario Gangemi, P.E. Alan McCarthy (County)

David Rudolph Kelly Schulz (COMM)

Jim Reynolds Bob Brennan (MEDCO)

Matt Roath Jane Roger (DGS)

Martha Barchowsky Elizabeth Hughes (MHT)

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Delegate Jay Jacobs

Delegate Jefferson Grist

Delegate Kevin Hornberger

Delegate Steven Arentz

Delegate Teresa Reilly

Senator Stephen Hershey

Senator Jason Gallion

Dr. Jeffrey Lawson

Dr. Mary Way Bolt

BDC Year in Review

U.S Navy Discussions and Pilot Program

As noted in the 2018 Annual Report, once the U.S. Navy (USN) and Department of Defense (DOD) were given adequate time to review the environmental reports produced by the federal grant, discussions reconvened between USN, BDC and MDE to begin outlining a process for implementation. The results of the site investigation, partnered with revised risk levels adopted by the Environmental Protection Agency and the Maryland Department of the Environment (MDE) determined preexisting asbestos materials (as a result of building demolition) to be the primary risk driver on site. While the bulk material was not considered to be a risk in its current state, the potential for deterioration over time or by site activities raised concerns for the regulatory agencies. To explore the potential risks, mock construction activities would be conducted (formally called Activity Based Sampling - "ABS") to monitor air and soil for any release of asbestos.

It was recognized early in discussions that implementation of any remedial activity or response action site-wide would require a substantial amount of time, and in order to meet the schedule for a prospective tenant, the BDC proposed a "pilot" program to focus the ABS on a 400-acre parcel of interest. A Memorandum of Agreement was executed between BDC, MDE and USN outlining the terms, process and schedule for the ABS scope of work.

Field work was completed in late 2018 with preliminary lab results and a human health risk assessment provided to BDC and USN in first quarter of 2019. Results showed no current risk to workers, however, due to the potential breakdown of the material on site, MDE informed that a material management plan would need to be created to remove bulk asbestos (larger than 2 inches) from the site.

In order to address the material, an Environmental Services Cooperative Agreement (ESCA) would be executed between the BDC and USN, which will allow the BDC to prepare the 400-acre site for development and obligate the necessary funding from USN.

Fortunately, funding is available in the current federal fiscal year, however, in order to obligate the funds, an agreement must be executed by September 30, 2019. The BDC and USN are currently negotiating the terms, scope, timeline and budget of the ESCA.

Prospect Activity

BDC and MTPM have been working with a prospect on a 400-acre phased development that can accommodate up to 3.6 million square feet of warehouse, distribution and commercial facilities. The project has the potential of producing over 1,000 jobs and \$7 million in state and local tax revenue.

The potential developer is planning for a Spring 2020 start date.

Infrastructure

Cecil County Department of Public Works has continued on the path for the construction of a new wastewater treatment plant to be built in Port Deposit, with initial capacity of 150,000 GPD but expandable up to 900,000 GPD.

Numerous evaluations were conducted over the past fiscal year to determine the condition of on-site infrastructure. BDC and it's development partner, MTPM LLC., are working closely with state resources to determine the best approach to secure utilities for the initial development phase.

FY2019 Board Meetings

- July 16, 2018 (closed)
- August 20, 2018 (closed)
- September 24, 2018 (closed)
- October 22, 2018 (open and closed)
- December 3, 2018 (closed)
- January 28, 2019 (closed)
- February 25, 2019 (closed)
- March 13, 2019 (closed)
- April 15, 2019 (closed)
- May 20, 2019 (closed)
- June 17, 2019 (open & closed)

Moving Forward

Cooperative Agreement with USN

At the closure of FY19, negotiations between the BDC and USN continued in a positive and timely manner.

Once the scope of work is finalized for the ESCA, USN will issue a formal request to the BDC for submission of a scope of work, project schedule and budget.

The participating entities in the ESCA will be the BDC and USN, however, the BDC will execute subcontracts for the work to be completed.

Due to federal statute, the term of the ESCA cannot exceed 24 months. All necessary environmental actions will need to be taken on the initial 400-acre parcel during that time, or funding will expire.

Infrastructure

The greatest challenge for development at Bainbridge continues to remain the lack of readily available infrastructure, and the high cost to secure the necessary utilities.

While the Cecil County DPW is addressing the updated waste water treatment plant, substantial costs remain for water connection, public roads, private roads and on-site water/sewer lines.

The BDC, Port Deposit, Cecil County, and MTPM are seeking state support to make this initial phase financially feasible, providing for future economic development of the remaining two thirds of the site.

"The outlook for development at Bainbridge has never been this optimistic. The community is going to see development within the next year."
- BDC Chair, Carl Roberts

Site Activities

The 400-acre phased development in discussions would land in the northern end of the Bainbridge property. Securing the tenant would require relocation of the BDC office and the Cecil College Mid-Atlantic Transportation and Logistics office and classroom.

The BDC and MTPM have expressed their commitment to keep the training program on site at Bainbridge and are willing to work cooperatively with the Cecil College for on-site alternatives.

Tome School

In April 2019, Senate Bill 741 was passed, which required the Maryland Department of Planning to conduct a study of the adaptive reuse of historical places, identifying obstacles and providing recommendations to address those issues.

The Tome School was chosen as one of the three case study locations to be included in the evaluation.

The report is slated for completion by December 15, 2019.

BDC Contact Information

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