

# MAINE STATE LEGISLATURE

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SEN. KEVIN L. RAYE  
CHAIR

REP. ROBERT W. NUTTING  
VICE-CHAIR

EXECUTIVE DIRECTOR  
DAVID E. BOULTER



SEN. JONATHAN T. E. COURTNEY  
SEN. BARRY J. HOBBS  
SEN. DEBRA D. PLOWMAN  
SEN. JUSTIN L. ALFOND  
REP. PHILIP A. CURTIS  
REP. EMILY ANN CAIN  
REP. ANDRE E. CUSHING III  
REP. TERRY HAYES

125<sup>TH</sup> MAINE STATE LEGISLATURE  
LEGISLATIVE COUNCIL

**MEETING OF LEGISLATIVE COUNCIL**  
**November 15, 2012**  
**11:00 AM**  
**REVISED AGENDA**

<b><u>Page</u></b>	<b><u>Item</u></b>	<b><u>Action</u></b>
	<b>CALL TO ORDER</b>	
	<b>ROLL CALL</b>	
<b>1</b>	<b>SUMMARY OF THE OCTOBER 5, 2012 MEETING OF THE LEGISLATIVE COUNCIL</b>	<b>Acceptance</b>
	<b>REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE DIRECTORS</b>	
	▪ Executive Director's Report (Mr. Boulter)	<b>Information</b>
<b>10</b>	▪ Fiscal Report (Mr. Pennoyer)	<b>Information</b>
<b>14</b>	▪ Status of Legislative Studies & Commissions (Ms. Hylan Barr)	<b>Information</b>
	<b>REPORTS FROM COUNCIL COMMITTEES</b>	
	• Personnel Committee (No report)	
	• State House Facilities Committee (No report)	
	<b>OLD BUSINESS</b>	
<b>15</b>	<b>Item #1: Portrait of former U.S. Senator George J. Mitchell Letter of No Objection</b>	<b>Information</b>

## **NEW BUSINESS**

- |           |          |  |                    |
|-----------|----------|--|--------------------|
| <b>17</b> | Item #1  | Legislative Council Actions Taken by Ballot Since October 5, 2012 Meeting  | <b>Information</b> |
| <b>18</b> | Item #2: | Request for 2 <sup>nd</sup> Off-site Meeting of Task Force on Franco-Americans (Sen. Martin & Rep. Fredette, Chairs) | <b>Decision</b>    |
| <b>19</b> | Item #3: | Request to Install and Display Holiday Wreath on State House Grounds (Rep. Dianne Tilton)                            | <b>Decision</b>    |
| <b>21</b> | Item #4: | Acceptance of 2012 Annual Report of Loring Development Authority Of Maine (Loring Development Authority)             | <b>Acceptance</b>  |

## **ANNOUNCEMENTS AND REMARKS**

## **ADJOURNMENT**

SEN. KEVIN L. RAYE  
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125<sup>TH</sup> MAINE STATE LEGISLATURE  
LEGISLATIVE COUNCIL

**MEETING SUMMARY**  
**October 5, 2012**

**CALL TO ORDER**

Legislative Council Chair, Senate President Raye called the October 5, 2012 Legislative Council meeting to order at 1:59 p.m. in the Legislative Council Chamber.

**ROLL CALL**

Senators: President Raye, Senator Courtney, Senator Plowman, Senator Hobbins and Senator Alfond

Representatives: Speaker Nutting, Representative Curtis, Representative Cushing, Representative Cain and Representative Hayes

Legislative Officers: Heather Priest, Clerk of the House  
Joseph Carleton Jr., Secretary of the Senate  
David E. Boulter, Executive Director  
Dawna Lopatosky, Legislative Finance Director  
Debra Olken, Human Resources Director  
Marion Hylan Barr, Director, Office of Policy and Legal Analysis  
Grant Pennoyer, Director, Office of Fiscal and Program Review  
Suzanne Gresser, Revisor of Statutes  
John Barden, Director, Law and Legislative Reference Library  
Scott Clark, Director, Legislative Information Technology

Senate President Raye convened the meeting at 1:59 p.m. with a quorum of members present.

**SUMMARY OF JUNE 28, 2012 MEETING OF LEGISLATIVE COUNCIL**

As the Legislative Council members were reviewing the meeting summary for the June Legislative Council meeting, Mr. Boulter mentioned that the discussion about Senator Mitchell's many accomplishments, reflected in the meeting summary, included some points that did not accurately reflect the historical content of Senator Mitchell's service. Specifically, Senator Mitchell, was one of two Senators from Maine [not the only one] to serve as Majority Leader, and secondly, Senator Mitchell, along with Rep. Thomas Brackett Reed and Rep. James Blaine [not only Rep. Reed], were elected officials from Maine to lead one of the Houses of the U.S. Congress. The Legislative Council

members concurred that the meeting summary should accurately reflect the Congressional history and the inaccurate references should be stricken.

**Motion:** That the Meeting Summary of June 28, 2012 be accepted as amended to correct the historical context of Senator Mitchell's service in the U.S. Congress and placed on file. Motion by Representative Cain. Second by Senator Plowman. **Motion passed (9-0-1, with Representative Hayes abstaining).**

## REPORTS FROM EXECUTIVE DIRECTOR AND COUNCIL OFFICES

### Executive Director's Report

David Boulter, Executive Director, reported on the following:

1. Tentative legislative budget for FY2014 – 2015

In accordance with law, Mr. Boulter will be developing and submitting a tentative consolidated budget request for FY2014 – 2015 necessary to the operation of the legislative branch to the State Budget Officer. As in the past, the new Legislative Council will review the tentative budget for the next biennium, revising and increasing or decreasing the budget as it deems necessary at that time.

2. Legislator Orientation preparations

Legislative offices are preparing materials for the New Member Orientation and Pre-Legislative Conference for the 126<sup>th</sup> Legislature. Once the agendas have been tentatively developed, a draft will be distributed to Legislative Council members for their review. New Member Orientation will be held on Thursday, November 15, 2012 and the Pre-Legislative Conference will be held on December 3 – 6, 2012.

3. Capitol Park restoration

This summer's work to restore Capitol Park is completed. Restoration activities included improved and relocated walking paths, a low stone sitting wall, benches and picnic tables, park entrance piers, tree plantings and trimming, and an ADA-compliance entrance to the Vietnam Veterans memorial. Service entrances, catch basins and other infrastructure were also installed. Initial reaction to the improvements by park visitors has been very favorable. The plan is for drainage issues to be addressed next year.

4. Security area layout improvements

A design to improve the West entrance to the State House to better accommodate security screening, improve flow and decrease wait times, and improve aesthetics is underway. The goal is to have the modifications in place before January 2013.

5. House Chamber

A rather extensive water leak and plaster damage appeared on the north and east walls near the ceiling in the House Chamber recently. Investigation and repairs will begin next week. The leak appears related to the roof that is in need of full replacement in the near future.

Senator Plowman inquired as to whether the water damage to the House would be covered under the State's insurance policy. Mr. Boulter answered that he will inquire as to whether coverage is afforded for the damage, but that initial payment will be made from legislative accounts. Representative Cushing asked whether the 2012 multi-year plan for State House improvements included a budget for House Chamber improvements. Mr. Boulter answered that it did not include House Chamber work, but roof repairs (the apparent source of the leak) are contemplated for 2013.

#### 6. Council Photographs

Mr. Boulter commented that the group photograph of the 125<sup>th</sup> Legislative Council will be distributed to each member at the conclusion of the meeting.

### Fiscal Report

Grant Pennoyer, Director, Office of Fiscal and Program Review, reported on the following:

#### Revenue Update

Total General Fund Revenue - FY 2013 (\$'s in Millions)						
	Budget	Actual	Var.	% Var.	Prior Year	% Growth
August	\$103.3	\$84.3	(\$19.0)	-18.4%	\$98.9	-14.7%
FYTD	\$308.5	\$303.7	(\$4.8)	-1.5%	\$306.1	-0.8%

General Fund revenue was \$19.0 million (18.4%) under budget in August and roughly \$22 million under budget in September (based on preliminary data). General Fund revenue was under budget roughly \$27 million for the 1<sup>st</sup> quarter of FY2013.

The three major taxes were all substantially under budget in August and September, based on preliminary results. Individual Income Tax revenue was \$10.7 million under budget for August and roughly \$6 million in September, falling more than \$4 million under budget for the 1<sup>st</sup> quarter of FY2013. Corporate Income Tax revenue was under budget by \$8.6 million in August and \$5.7 million in September. Sales and Use Tax revenue was under by \$6.7 million in August, but was closer to budget in September, being within less than \$1 million.

#### Highway Fund Revenue Update

Total Highway Fund Revenue - FY 2013 (\$'s in Millions)						
	Budget	Actual	Var.	% Var.	Prior Year	% Growth
August	\$9.2	\$8.7	(\$0.5)	-5.7%	\$9.3	-6.0%
FYTD	\$36.1	\$37.2	\$1.0	2.9%	\$36.0	3.2%

Highway Fund revenue was \$0.5 million under budget in August, but was \$0.9 million over budget in September (based on preliminary data). Highway Fund revenue has built up a \$2.0 million positive variance through the 1<sup>st</sup> quarter of FY2013. Fuel Taxes continue to exhibit significant variability from budget month to month. The positive variance through the 1<sup>st</sup> quarter was due to the strength of collections for motor vehicle registration and fees collected by the Bureau of Motor Vehicles.

## **Cash Update**

The average balance in the cash pool in August was \$70 million less than a year ago. However, the total cash pool remains sufficiently healthy to support General Fund internal borrowing that was \$71.8 million higher than last August. General Fund appropriations were approved at amounts below budgeted revenue to accommodate repayment of the \$91 million borrowing in FY2012 from Other Special Revenue Funds. As a result, General Fund cash position should show improvement over FY2013 absent any significant adverse revenue or spending variances.

## **MaineCare Spending Update**

MaineCare weekly cycle payments through the first 11 weeks of FY2013 averaged \$44.7 million. This amount is tracking very closely with weekly cycle payments in the same period last year. The FY2013 MaineCare budget assumes that overall MaineCare spending will be below the FY2012 level, which had a weekly cycle average of \$44.9 million.

## **Status of Legislative Studies and Committees**

Marion Hylan Barr, Director, Office of Policy and Legal Analysis, reported on the following to supplement her written status report:

The Citizen Trade Policy Commission, the Right to Know Advisory Commission and its subcommittees, the Judicial Compensation Commission and the Franco-American Task Force have all been meeting this summer and fall and are scheduled to meet again in the near future. Several commissions have not yet convened since they are still awaiting appointments. The Joint Standing Committee on Agriculture, Conservation and Forestry has met once and is planning to meet again next month. The Joint Standing Committee on Veterans and Legal Affairs does not plan to meet since it handled the Presidential Primary issue when it met earlier for confirmation hearings. The Joint Standing Committee on Education and Cultural Affairs met once and will meet again this fall.

Senator Courtney inquired as to which commissions were awaiting appointment of members. Ms. Hylan Barr responded that the Commission to Develop a Competitive Bidding Process for the Operation of Additional Casinos or Slot Machines, staffed by the Department of Administrative and Financial Services, has 7 of its 19 appointments, and the Task Force on Prevention of Sexual Abuse of Children has only 6 of 13 appointments made to date.

## **REPORTS FROM COUNCIL COMMITTEES**

### **1. Personnel Committee**

President Raye, Chair of the Personnel Committee, presented the following report.

The Personnel Committee held a meeting earlier today, October 5, 2012 to consider the following matters:

1. Request for Temporary Disability Income Benefits for a Partisan Staff Member

The committee considered a request by a Legislative employee for temporary disability income benefits. The request was consistent with the provisions for temporary disability income benefits under the Legislative Council's personnel policies and guidelines. Upon the recommendation of the Executive Director, the committee voted unanimously to approve the request. No Legislative Council action was required.

2. Review of Personnel Policies

The committee discussed several provisions of the personnel policies for legislative employees and considered revisions to bring them more in line with current benefit standards and practices and be cost-effective, including modifications to group health and group dental insurance for session-only employees, group life insurance, early release of employees, overtime compensation, and a one-time payment to employees.

3. Proposed Restructuring of the Office of the Revisor of Statutes

Revisor of Statutes Ms. Gresser, working with Mr. Boulter, proposed changes to the organization of the Office of the Revisor of Statutes that would result in improved operations, increased efficiencies and improved delivery of bill drafting services, and included a reclassification of a principal attorney position to a deputy director position, reassignment of managerial responsibility and revision of associated job descriptions. The Personnel Committee supported Ms. Gresser's proposal.

**Motion:** That upon the recommendation of the Personnel Committee, the Legislative Council adopt the proposed reorganization of the Office of the Revisor of Statutes to improve operations, increase efficiencies and improve delivery of bill drafting services, including reclassifying a principal attorney position to a deputy director position, reassigning managerial responsibility, and revising associated job descriptions; further that the changes be achieved within the existing number of authorized positions and budgetary resources; and further that the Revisor work with the Executive Director to implement the reorganization plan. Motion by President Raye. Second by Representative Cain. **Motion passed (9-0-0-1, with Senator Plowman absent).**

2. **State House Facilities Committee**

No report

**OLD BUSINESS**

**Item #1: Policy on Use of Capitol Park**

A copy of the *Legislative Council Policy on Use of Capitol Park* adopted by the Legislative Council was distributed to members of the Legislative Council for informational purposes only. No action by the Legislative Council was required.



**Item #2: Request to Accept Commissioned Portrait of Former U.S. Senator George Mitchell and Place on Display in the State House**

Mr. Boulter reminded the Legislative Council members that at the last Legislative Council meeting, a request was made to accept a to-be-commissioned portrait of former U.S. Senator George J. Mitchell into the State House Portrait Collection and authorize its display in the State House. At that time, the Legislative Council asked for further information about the proposal. Mr. Boulter provided the following update:

The anticipated cost of the portrait is \$15,000 plus international shipping and insurance costs, all of which is proposed to be paid for through private donations. No legislative or other State funds would be used to obtain the portrait. A group, the Friends of U.S. Senator George J. Mitchell ("Friends"), will be soliciting funds and donating them to the Friends of the Maine State Museum, for use to purchase the portrait from the artist. The artist is James Hanley, a painter living in Dublin, Ireland. Mr. Boulter referred to information in the council's packet that provides a biographical summary of the artist and his works.

Mr. Boulter indicated that he has spoken with the State Museum which would be charged with maintaining the portrait, if accepted into the museum collection, and the museum is actively working with a representative of the Friends group.

Speaker Nutting asked if a location for the portrait has been selected and if there is any requirement for exhibiting the portrait for a particular period of time. Mr. Boulter said that the location would be determined in consultation with the museum's curator, but it is likely to be on the 2<sup>nd</sup> floor of the State House near portraits of Senator Margaret Chase Smith and other U.S. Senators, and there is no minimum period during which the portrait must be displayed.

**Motion:** That the Legislative Council accept the portrait of U.S. Senator George J. Mitchell to be commissioned by James Hanley of Dublin, Ireland into the State House Portrait Collection; further authorize its exhibit in the State House; and further that this acceptance and authorization be conditional upon the Maine State Museum Commission's acceptance of the portrait into the museum collection upon the portrait's completion and donation to the State. Motion by Senator Hobbins. Second by Senator Courtney. **Motion passed unanimously (10-0).**

**NEW BUSINESS**

**Item #1: Request to Hold an Off-site Meeting of a Legislative Study**

The legislatively-authorized study group, the Task Force on Franco-Americans, requested approval from the Legislative Council to hold an off-site meeting of the task force at the Franco-American Center at the University of Maine in Orono on Wednesday, October 24, 2012. Funds for the increased costs would come from the task force's existing budget.

**Motion:** That the Legislative Council approve the request from the Task Force on Franco-Americans to hold a meeting at the Franco-American Center at the University of Maine in Orono on Wednesday, October 24, 2012. Motion by Senator Courtney. Second by Representative Cain. **Motion passed unanimously (10-0).**

**Item #2: Proposed Document Service Fee Schedule for 126<sup>th</sup> Legislature, First Regular Session**

Mr. Boulter introduced the proposal by Clerk of the House Heather Priest for a Document Service Fee schedule for the 126<sup>th</sup> Legislature, First Regular Session. Mr. Boulter explained that the Clerk has indicated that the proposed fee schedule is the same one approved for the First Regular Session of the 125<sup>th</sup> Legislature.

**Motion:** That the Legislative Council approve the Document Service Fee schedule for the 126<sup>th</sup> Legislature, First Regular Session as proposed by the Clerk of the House. Motion by Representative Curtis. Second by Representative Cain. **Motion passed unanimously (10-0).**

**Item #3: Notice of Audit of State Budget for FY 2012**

By letter, the State Department of Audit has notified the Legislative Council that it is performing the Single Audit of the State of Maine for the year ending June 30, 2012. No action by the Legislative Council was required.

**Item #4: Request to Authorize Funding for Purchasing Software and Computers for Senate Chamber Information Automation**

Secretary of the Senate Carleton presented his proposal to automate the Senate Chamber by providing a computer system for accessing and displaying Senate calendars and papers and other information electronically. Currently, Senators are provided 3-ring binders at their Senate desks for Senate calendars and papers, all of which is in paper format. Mr. Carleton explained that the proposal has two components: entering into a contract to purchase software specially developed for displaying Chamber information electronically, similar to that used in the House Chamber; and purchase of computers to display the information. The computers are proposed to be stationary and remain at Senators' desks.

Mr. Carleton drew Legislative Council members' attention to the cost summary in the council packet of information. Representative Hayes inquired as to what the Legislative Council is being asked to approve. Mr. Carleton responded that the Legislative Council is being requested only to authorize funding from legislative accounts in FY13 for entering into a contract and purchasing a chamber automation system. Authority for deciding issues of system installation, including system components, in the Senate rests with the Senate President.

Representative Hayes asked whether the proposed hardware is unique in some way, noting that House members access House Chamber information using their personal laptop computers. Mr. Carleton explained that the proposal is for uniform computer equipment for Senate members but Senators could access the information using personal laptop computers if they wanted to do so.

President Raye suggested that perhaps 2 or 3 laptops could be purchased for use by Senators who do not have a laptop computer. He noted that most Senators have their own laptop. It was noted that the House makes available 6 laptop computers for use by Representatives on an as needed basis.

Representative Cain commented that she was impressed with the system used in the House Chamber and that use of a touch screen monitor as proposed for the Senate would be convenient. She further commented that having a separate monitor for Chamber information would be very helpful so members who use their personal laptops for other legislative work in the chamber would not have to keep flipping back and forth to access chamber information. Mr. Carleton mentioned that the proposed chamber computers would be fully functional, for writing and reading email and documents.

Senator Plowman asked if the proposed software would be compatible with Mac-based iPads and Windows-based tablets. A brief discussion ensued. Mr. Carleton and LIT Director Scott Clark answered the question by saying that the software is a browser-based application and will work with Microsoft Internet Explorer, Firefox and on Mac devices having a Safari browser. Because the software was not specifically designed for use with the Safari browser, there may be some very minor limitations arising periodically, but it would still provide full functionality.

Representative Hayes recollected that with the House Chamber system, House members were asked to purchase their own computer with their constituent services allowance or other funds. For that reason, she was not supportive of authorizing funding for computer purchases at this time.

Senator Alfond then made a motion to authorize funding for the software and purchase of up to 3 laptop computers for use by the Senate. See motion below.

Mr. Carleton concluded the discussion by saying that while the goal is to eliminate distribution of all paper documents in the Senate Chamber, it is not feasible in the near future since some interest remains in having paper documents, such as calendars, that can be carried around or notated. However, this proposal would be a positive step, in an appropriate and measured way, to automating access to chamber information.

**Motion:** That the Legislative Council authorize funding from appropriate legislative accounts in FY13 and enter into a contract to purchase software for electronic access and display of legislative information in the Senate Chamber and for the purchase of up to 3 laptop computers for use by the Senate. Motion by Senator Alfond. Second by Representative Curtis. **Motion passed (9-0-0-1, with Representative Cushing absent).**

#### **Item #5: Collective Bargaining Matters [Executive Session]**

**Motion:** That, in accordance with 1 MRSA, Section 405, subsection 6, the Legislative Council enter into an executive session for the purposes of discussing collective bargaining negotiations between the employee representative for the Administrative Unit of Legislative Employees and the Legislative Council and discussing collective bargaining negotiations between the employee representative for the Independent Association of Nonpartisan Legislative Professionals and the Legislative Council. Motion by Representative Nutting. Second by Representative Curtis. **Motion passed (9-0-0-1, with Representative Cushing absent).**

The council entered into an executive session at 2:57 p.m. At the conclusion of its executive session, on a motion by Representative Nutting, seconded by Representative Cain, the Legislative Council voted unanimously to end its executive session at 3:05 p.m. and reconvene its regular meeting.

#### **Item #6: Ratification of Tentative Agreement with Administrative Unit of Legislative Employees and Changes to Personnel Policies and Guidelines for Legislative Employees**

**Motion:** That pursuant to its authority under 26 MRSA, Section 979-A, subsection 5, the Legislative Council of the 125<sup>th</sup> Legislature ratify the collective bargaining agreement for the period October 1, 2011 through September 30, 2013 that was negotiated and tentatively agreed to by the authorized representatives of the Legislative Council and the Maine State Employees Association-SEIU Local 1989 on behalf of the Administrative Unit of Legislative Employees on June 28, 2012, and ratified by its represented members on August 20, 2012; further, that the Legislative Council authorize the Executive Director to take all necessary steps to carry out the terms of this Agreement; further, that the Legislative Council modify its

personnel policies and guidelines for all legislative employees to apply personnel policies and benefit provisions relating to group health insurance, group dental insurance, group life insurance, and early release provisions for employees that are comparable to those contained in the collective bargaining agreement ratified by the Legislative Council and the MSEA-SEIU, and direct its Executive Director to incorporate as appropriate and administer those provisions; and further that a one-time payment in an amount comparable to that provided in the aforementioned collective bargaining agreement be provided to legislative employees who are not represented by a collective bargaining agent, such payment to be made by December 1, 2012. Motion by Representative Nutting. Second by Senator Alfond. **Motion passed (9-0-0-1, with Representative Cushing absent).**

#### **ANNOUNCEMENTS AND REMARKS**

President Raye welcomed Ms. Dawna Lopatosky, Legislative Finance Director, to her first Legislative Council meeting following her appointment to the position in July.

The Legislative Council meeting was adjourned at 3:07 p.m. on a motion by Representative Curtis, seconded by Senator Courtney. **Motion passed (9-0-0-1, Representative Cushing absent).**

# Fiscal Briefing

## Legislative Council Meeting

November 15, 2012

*Prepared by the Office of Fiscal & Program Review*

### 1. General Fund Revenue Update

**Total General Fund Revenue - FY 2013 (\$'s in Millions)**

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
October	\$244.2	\$245.0	\$0.9	0.4%	\$230.6	6.3%
FYTD	\$856.0	\$830.0	(\$26.0)	-3.0%	\$840.2	-1.2%

General Fund revenue was \$0.9 million (0.4%) over budget in October, but remained \$26.0 million under budget for the fiscal year through October. The Sales and Use Tax and Corporate Income Tax categories were the primary contributors to the negative variance for the fiscal year, falling \$13.1 million and \$14.5 million, respectively, below budget through October. Within the Individual Income Tax category, another area of concern is withholding payments, which were under budget by \$5.6 million for the first four months.

### 2. Highway Fund Revenue Update

**Total Highway Fund Revenue - FY 2013 (\$'s in Millions)**

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
October	\$28.8	\$32.1	\$3.3	11.6%	\$29.0	10.7%
FYTD	\$90.4	\$95.7	\$5.3	5.9%	\$89.9	6.5%

Highway Fund revenue was \$3.3 million over budget in October and \$5.3 million over for the fiscal year-to-date (FYTD) through October. October's performance would have been below budget but for a significant one-time event that resulted in 179,000 titles for trailers generating net revenue of \$4.1 million to the Highway Fund.

### 3. Cash Update

The average balance in the cash pool in October was \$97.3 million less than a year ago. The expected improvement in the General Fund cash position over the course of FY 2013 has been offset by negative revenue variances and spending about projections, particularly in the MaineCare program. General Fund internal cash flow borrowing is \$98.9 million higher than a year ago. This is a concern and may affect the assumption about external borrowing in FY 2013.

### 4. MaineCare Spending Update

Despite declining caseloads, MaineCare weekly cycle payments through the first 17 weeks of FY 2013 averaged \$45.6 million, which exceeds the average of last fiscal year of \$44.9 million. The FY 2013 MaineCare budget assumes a reduction of spending from FY 2012 levels.

**General Fund Revenue**  
**Fiscal Year Ending June 30, 2013 (FY 2013)**  
**September 2012 Revenue Variance Report**

Revenue Category	October '12 Budget	October '12 Actual	October '12 Variance	Fiscal Year-To-Date					FY 2013 Budgeted Totals
				Budget	Actual	Variance	Variance %	% Change from Prior Year	
Sales and Use Tax	94,756,755	91,179,144	(3,577,611)	297,527,193	284,393,752	(13,133,441)	-4.4%	-0.6%	1,015,901,512
Service Provider Tax	4,598,899	4,472,815	(126,084)	12,125,034	12,637,921	512,887	4.2%	10.8%	53,586,812
Individual Income Tax	117,558,600	117,471,517	(87,083)	434,208,314	429,350,514	(4,857,800)	-1.1%	0.5%	1,437,134,214
Corporate Income Tax	5,478,440	4,176,218	(1,302,222)	55,708,756	41,219,625	(14,489,131)	-26.0%	-33.0%	204,177,901
Cigarette and Tobacco Tax	11,468,994	13,354,207	1,885,213	49,349,315	50,261,520	912,205	1.8%	1.3%	139,555,285
Insurance Companies Tax	6,416,677	7,171,967	755,290	7,668,145	9,404,209	1,736,064	22.6%	14.8%	79,215,000
Estate Tax	3,587,800	3,381,626	(206,174)	6,858,282	9,290,549	2,432,267	35.5%	58.1%	42,736,287
Other Taxes and Fees *	19,805,807	18,671,203	(1,134,604)	53,479,823	49,174,737	(4,305,086)	-8.0%	11.5%	156,489,377
Fines, Forfeits and Penalties	1,814,145	2,293,645	479,500	8,158,165	8,512,835	354,670	4.3%	4.6%	25,145,756
Income from Investments	22,812	18,238	(4,574)	96,017	58,557	(37,460)	-39.0%	-49.0%	141,684
Transfer from Lottery Commission	4,042,304	4,266,815	224,511	17,179,805	16,946,174	(233,631)	-1.4%	-3.4%	52,550,000
Transfers to Tax Relief Programs *	(13,160,285)	(10,099,653)	3,060,632	(48,204,601)	(45,169,599)	3,035,002	6.3%	8.8%	(110,914,175)
Transfers for Municipal Revenue Sharing	(9,668,295)	(9,015,896)	652,399	(32,722,673)	(31,794,430)	928,243	2.8%	6.8%	(94,592,750)
Other Revenue *	(2,540,629)	(2,298,699)	241,930	(5,417,279)	(4,311,974)	1,105,305	20.4%	-208.4%	55,107,725
<b>Totals</b>	<b>244,182,024</b>	<b>245,043,147</b>	<b>861,123</b>	<b>856,014,296</b>	<b>829,974,390</b>	<b>(26,039,906)</b>	<b>-3.0%</b>	<b>-1.2%</b>	<b>3,056,234,628</b>

\* Additional detail by subcategory for these categories is presented on the following page.

**General Fund Revenue**  
**Fiscal Year Ending June 30, 2013 (FY 2013)**  
**September 2012 Revenue Variance Report**

Revenue Category	October '12 Budget	October '12 Actual	October '12 Variance	Fiscal Year-To-Date					FY 2013 Budgeted Totals
				Budget	Actual	Variance	Variance %	% Change from Prior Year	
<b>Detail of Other Taxes and Fees:</b>									
- Property Tax - Unorganized Territory	11,979,881	9,654,297	(2,325,584)	11,979,881	9,654,297	(2,325,584)	-19.4%	-19.8%	13,479,881
- Real Estate Transfer Tax	650,445	1,021,889	371,444	3,075,000	2,701,350	(373,650)	-12.2%	6.3%	11,153,467
- Liquor Taxes and Fees	1,716,784	1,830,329	113,545	6,909,346	8,024,960	1,115,614	16.1%	1.9%	20,770,313
- Corporation Fees and Licenses	179,058	147,885	(31,173)	892,696	1,075,281	182,585	20.5%	14.4%	7,847,099
- Telecommunication Excise Tax	0	408	408	0	(493,469)	(493,469)	N/A	-788.3%	11,574,108
- Finance Industry Fees	1,904,581	1,881,005	(23,576)	7,618,324	7,856,950	238,626	3.1%	5.2%	23,265,980
- Milk Handling Fee	328,571	158,373	(170,198)	1,314,284	1,533,893	219,609	16.7%	313.3%	3,942,852
- Racino Revenue	1,458,873	701,037	(757,836)	5,835,492	3,461,265	(2,374,227)	-40.7%	-8.6%	17,506,617
- Boat, ATV and Snowmobile Fees	270,545	221,606	(48,939)	1,481,992	1,421,015	(60,977)	-4.1%	-8.1%	4,763,561
- Hunting and Fishing License Fees	847,443	799,785	(47,658)	5,343,170	5,821,756	478,586	9.0%	6.9%	16,214,189
- Other Miscellaneous Taxes and Fees	469,626	2,254,589	1,784,963	9,029,638	8,117,439	(912,199)	-10.1%	305.7%	25,971,310
<b>Subtotal - Other Taxes and Fees</b>	<b>19,805,807</b>	<b>18,671,203</b>	<b>(1,134,604)</b>	<b>53,479,823</b>	<b>49,174,737</b>	<b>(4,305,086)</b>	<b>-8.0%</b>	<b>11.5%</b>	<b>156,489,377</b>
<b>Detail of Other Revenue:</b>									
- Liquor Sales and Operations	2,292	750	(1,542)	9,168	8,700	(468)	-5.1%	-3.3%	28,084,900
- Targeted Case Management (DHHS)	175,449	146,119	(29,330)	701,796	589,331	(112,465)	-16.0%	-77.4%	2,105,386
- State Cost Allocation Program	1,277,194	1,428,044	150,850	4,938,779	5,401,723	462,944	9.4%	27.8%	15,000,000
- Unclaimed Property Transfer	0	0	0	0	0	0	N/A	N/A	6,000,000
- Toursim Transfer	(3,664,636)	(3,810,530)	(145,894)	(9,786,425)	(9,932,319)	(145,894)	-1.5%	-5.4%	(9,786,425)
- Transfer to Maine Milk Pool	(351,229)	0	351,229	(3,854,523)	(1,520,704)	2,333,819	60.5%	N/A	(6,667,897)
- Transfer to STAR Transportation Fund	(2,127,427)	(2,107,557)	19,870	(6,157,681)	(6,137,811)	19,870	0.3%	-92.0%	(6,157,681)
- Other Miscellaneous Revenue	2,147,728	2,044,476	(103,252)	8,731,607	7,279,106	(1,452,501)	-16.6%	-25.4%	26,529,442
<b>Subtotal - Other Revenue</b>	<b>(2,540,629)</b>	<b>(2,298,699)</b>	<b>241,930</b>	<b>(5,417,279)</b>	<b>(4,311,974)</b>	<b>1,105,305</b>	<b>20.4%</b>	<b>-208.4%</b>	<b>55,107,725</b>
<b>Detail of Transfers to Tax Relief Programs:</b>									
- Me. Resident Prop. Tax Program (Circuitbreaker)	(7,247,392)	(5,177,052)	2,070,340	(28,917,560)	(26,505,672)	2,411,888	8.3%	6.2%	(43,081,877)
- BETR - Business Equipment Tax Reimb.	(5,912,893)	(4,922,601)	990,292	(19,287,041)	(18,663,927)	623,114	3.2%	12.3%	(47,632,583)
- BETE - Municipal Bus. Equip. Tax Reimb.	0	0	0	0	0	0	N/A	N/A	(20,199,715)
<b>Subtotal - Tax Relief Transfers</b>	<b>(13,160,285)</b>	<b>(10,099,653)</b>	<b>3,060,632</b>	<b>(48,204,601)</b>	<b>(45,169,599)</b>	<b>3,035,002</b>	<b>6.3%</b>	<b>8.8%</b>	<b>(110,914,175)</b>
<b>Inland Fisheries and Wildlife Revenue - Total</b>	<b>1,202,776</b>	<b>1,109,113</b>	<b>(93,663)</b>	<b>7,163,266</b>	<b>7,610,076</b>	<b>446,810</b>	<b>6.2%</b>	<b>3.7%</b>	<b>21,899,276</b>

**Highway Fund Revenue**  
**Fiscal Year Ending June 30, 2013 (FY 2013)**  
**September 2012 Revenue Variance Report**

Revenue Category	October '12 Budget	October '12 Actual	October '12 Variance	Fiscal Year-To-Date					FY 2013 Budgeted Totals
				Budget	Actual	Variance	% Variance	% Change from Prior Year	
Fuel Taxes:									
- Gasoline Tax	17,137,328	15,738,152	(1,399,176)	55,800,176	54,286,616	(1,513,560)	-2.7%	-2.0%	197,590,000
- Special Fuel and Road Use Taxes	4,092,319	4,784,746	692,427	11,359,495	11,864,904	505,409	4.4%	4.8%	44,850,000
- Transcap Transfers - Fuel Taxes	(1,559,457)	(1,509,700)	49,757	(6,491,967)	(6,421,372)	70,595	1.1%	0.4%	(17,804,916)
- Other Fund Gasoline Tax Distributions	(428,553)	(393,564)	34,989	(1,816,762)	(1,778,977)	37,785	2.1%	7.0%	(4,941,133)
Subtotal - Fuel Taxes	19,241,637	18,619,634	(622,003)	58,850,942	57,951,171	(899,771)	-1.5%	-0.7%	219,693,951
Motor Vehicle Registration and Fees:									
- Motor Vehicle Registration Fees	5,957,222	5,070,123	(887,099)	21,554,648	21,986,042	431,394	2.0%	0.4%	64,805,936
- License Plate Fees	196,860	90,698	(106,162)	1,158,599	1,230,349	71,750	6.2%	0.2%	3,351,681
- Long-term Trailer Registration Fees	676,189	426,936	(249,253)	1,661,009	1,642,507	(18,502)	-1.1%	-2.4%	9,384,523
- Title Fees	987,107	6,237,125	5,250,018	3,984,480	10,106,276	6,121,796	153.6%	150.4%	11,905,216
- Motor Vehicle Operator License Fees	754,570	772,542	17,972	2,985,637	3,023,165	37,528	1.3%	7.4%	8,761,371
- Transcap Transfers - Motor Vehicle Fees	0	0	0	(3,825,255)	(4,329,043)	(503,788)	-13.2%	-11.6%	(14,966,712)
Subtotal - Motor Vehicle Reg. & Fees	8,571,948	12,597,424	4,025,476	27,519,118	33,659,296	6,140,178	22.3%	21.1%	83,242,015
Motor Vehicle Inspection Fees	248,540	172,640	(75,900)	994,160	1,152,993	158,833	16.0%	32.4%	2,982,500
Other Highway Fund Taxes and Fees	120,725	133,299	12,574	439,072	458,622	19,550	4.5%	-1.4%	1,276,365
Fines, Forfeits and Penalties	68,572	94,540	25,968	308,054	380,240	72,186	23.4%	17.0%	993,049
Interest Earnings	9,270	4,760	(4,510)	37,080	21,863	(15,217)	-41.0%	-12.5%	111,259
Other Highway Fund Revenue	519,163	503,472	(15,691)	2,252,072	2,101,390	(150,682)	-6.7%	2.5%	8,380,404
<b>Totals</b>	<b>28,779,855</b>	<b>32,125,769</b>	<b>3,345,914</b>	<b>90,400,498</b>	<b>95,725,573</b>	<b>5,325,075</b>	<b>5.9%</b>	<b>6.5%</b>	<b>316,679,543</b>



# LEGISLATIVE COUNCIL REPORT: 2012 Interim Legislative Studies and Committee Meetings

Updated November 14, 2012

<u>Study Name</u>	<u>2012 Meetings Authorized</u>	<u>2012 Meetings Held</u>	<u>Scheduled Next Meeting Date(s)</u>	<u>Report Date</u>	<u>Chairs</u>	<u>Status Notes</u>
<b>AUTHORIZED COMMITTEE MEETINGS</b>						
ACF committee meetings to oversee department implementation of establishment of Dept. of Agriculture, Conservation and Forestry (LD 1746, PL 2011, c. 657, Pt. W)	6	8/20	11/14/12	n/a	Sen. Sherman & Rep. Edgecomb	conducting oversight
VLA committee consideration of establishing a presidential primary (LD 1882, Resolve 2011, c. 164)	1	9/5	no further meetings planned	12/1/12; VLA may also submit bill 126th, R1	Sen. Farnham & Rep. Beaulieu	preparing report (note, 9/5 meeting held on same day as confirmation hearing; separately authorized meeting will not be necessary)
EDU committee oversight of contracting for independent review of and report on EPS funding act (LD 958, Resolve 2011, c. 166)	4	7/11; 9/20	no further meetings anticipated	n/a; EDU may submit bill 126th, R2	Sen. Langley & Rep. Richardson	conducting oversight
<b>NEW STUDIES</b>						
Franco-American Task Force (Resolve 2011, c. 102 as amended by LD 1601, Resolve 2011, c. 119)	4	6/19; 9/26; 10/24	11/28/12	12/15/2012	Sen. Martin & Rep. Fredette	conducting study
Task Force on Prevention of Sexual Abuse of Children (LD 1705, Resolve 2011, c. 162)	4			11/7/2012	Sen. Mason & Rep. Maker	requesting extension until 12/4; one appointment still outstanding
Commission to Develop a Competitive Bidding Process for the Operation of Additional Casinos or Slot Machines (LD 1897, PL 2011, c. 699)	6 (includes 2013)			2/15/2014		appointments not complete (7 of 19 appts made) (staffed by DAFS; OPLA drafting assistance)
Development of proposed legislation for new retirement benefit plan for state employees and teachers (LD 1746, PL 2011, c. 567, Pt. J)	n/a	n/a	n/a	1/15/2013	n/a	MPERS responsibility; may request drafting assistance from the Legislative Council
<b>ON-GOING LEGISLATIVE STUDIES</b>						
Judicial Compensation Commission (4 MRSA section 1701)	n/a (funded from court system)	9/25; 11/13	11/27/2012	12/1/2012 (annually even numbered years)	Josh Tardy, Esq.	conducting work
Citizen Trade Policy Commission (10 MRSA section 11)	at least 2 per year	2/10; 3/9; 4/27; 6/15; 7/11; 9/19; 10/24		annually	Sen. Sherman & Rep. Maker	conducting work
Legislative Youth Advisory Council (3 MRSA section 168-B)	may hold 2 per year	none	no meetings to be held	no report due this interim	Sen. Mason & Rep. Willette	not active this year
Right to Know Advisory Committee (1 MRSA section 411)	4	5/30; 10/11	11/15; 11/29	1/15 annually	Sen. Hastings	conducting work, including through various subcommittees
<b>COUNCIL-APPROVED STAFF STUDIES</b>						
Creation of model sewer district enabling law (requested by chairs of EUT Committee)	n/a	n/a	n/a	no date; for consideration in 126th, R1	Advisor: Rep. Fitts	proceeding on schedule

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DAVID E. BOULTER  
EXECUTIVE DIRECTOR  
OF THE LEGISLATIVE COUNCIL



MAINE STATE LEGISLATURE  
OFFICE OF THE EXECUTIVE DIRECTOR  
LEGISLATIVE COUNCIL  
October 12, 2012

Harold C. Pachios, Esq.  
PretiFlaherty  
One City Center  
P.O. Box 9546  
Portland, ME 04112-9546

Re: Portrait of U. S. Senator George J. Mitchell

Dear Mr. Pachios:

On October 5, 2012, the Legislative Council considered your request, made on behalf of "Friends of U.S. Senator George J. Mitchell," that the Legislative Council accept a portrait of Senator Mitchell to be commissioned by Dublin, Ireland painter James Hanley into the State House Portrait Collection and authorize its display in the State House. I am pleased to report that the Legislative Council approved the request, on condition that funds to commission the portrait, frame it and deliver it to the State House, be raised privately and that the Maine State Museum Commission accept the portrait into its museum collection as a permanent donation to the State.

The next step is for you to continue working with the state museum staff to arrange for donations to pay for the portrait, arrange for completion of the portrait and suitable framing, and to arrange for its delivery to Augusta. Finally, I will need a statement from Senator Mitchell or his representative that he is aware of the portrait and that he has no objections to the State accepting the portrait and hanging it in the State House in his honor.

Please advise me when you expect the portrait to be completed and delivered and when I may expect receipt of Senator Mitchell's statement.

The Legislative Council was very pleased to give its approval to your request. If you have any questions, please do not hesitate to contact me at 287-1615 or by email at [david.boulter@legislature.maine.gov](mailto:david.boulter@legislature.maine.gov).

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "David E. Boulter".

David E. Boulter  
Executive Director

Cc: Sheila McDonald, Assistant Director, Maine State Museum

EXECUTIVE DIRECTOR'S  
OFFICE SENATOR GEORGE J. MITCHELL

2012 NOV 13 P 12:30

November 5, 2012

David E. Boulter  
Executive Director of Legislative Affairs  
Maine State Legislature  
115 State House Station  
Augusta, Maine 04333-0115

Dear Mr. Boulter:

In response to your request, I am writing to inform you that I am aware of the portrait being prepared of me and have no objection to the State accepting it and hanging it in the State House.

Please let me know if you need any further information.

With best regards,

Sincerely,



George J. Mitchell

/gr

cc: Sheila McDonald, Assistant Director, Maine State Museum  
Harold C. Pachios

**Legislative Council Actions  
Taken by Ballot Since the  
October 5, 2012 Council Meeting**

**Legislative Council Decision:**

**That the Legislative Council authorize a limited extension of the Task Force on the Prevention of Sexual Abuse of Children's reporting deadline from November 7, 2012 to December 4, 2012.**

Motion by: Senator Kevin Raye  
Second by: Representative Robert Nutting  
Approved: November 15, 2012

Vote: 6-0-0-4 in favor



EXECUTIVE DIRECTOR'S  
OFFICE

2012 NOV -6 A 8:42

**MAINE STATE LEGISLATURE**  
Augusta, Maine 04333

**TASK FORCE ON FRANCO-AMERICANS**

**MEMORANDUM**

TO: Senate Chair, Kevin L. Raye, Legislative Council  
Representative Vice Chair, Robert W. Nutting, Legislative Council

FROM: Thomas H. Martin, Jr., Senate Chair  
Kenneth W. Fredette, House Chair  
Task Force on Franco-Americans

DATE: November 6, 2012

RE: Request for approval of an off-site meeting

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We respectfully request approval of an off-site meeting of the legislatively-authorized study group, the Task Force on Franco-Americans, in accordance with the Legislative Council's policies. We would like to hold the fourth and final authorized task force meeting at the Franco-American Heritage Center in Lewiston on Wednesday, November 28, 2012.

The Franco-American Center, a non-profit organization which strives to preserve and promote Franco-American heritage in Maine, has generously offered meeting space at no cost to the task force.

Thank you for your consideration of this matter.

CC: David Boulter, Executive Director  
Marion Hylan Barr, OPLA Director

## Boulter, David

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**From:** Dianne Tilton <dtilton@rhrsmith.com>  
**Sent:** Wednesday, October 10, 2012 10:38 AM  
**To:** Boulter, David  
**Cc:** Senator Kevin Raye  
**Subject:** wreath donation

Hi David,

I am contacting you with an offer from a constituent to donate the largest wreath in Maine for display outside the State House. David Frasier of Harrington will construct a 50-60 foot wreath at whatever location you choose, possibly the south lawn. It will be erected on free-standing supports, and decorated with lights. The process of constructing the supports and the wreath will take about one week. I'm sure he would like to begin the construction before Thanksgiving. He will also come back and remove the wreath after the New year. There will be no cost to the state, except to power the lights. I'm sure you will want someone overseeing the work or at least reviewing their specific plans. If this is approved, I will put him in touch with you to work out the details as far as the date of delivery, contacts and other logistical matters.

The donation will be made in recognition of his company's anniversary. I think this will be an exciting display for the state house, and a tribute to an important, traditional industry in Maine. I think you for looking into this, and I look forward to hearing from you.

*Dianne*

Representative Dianne Tilton

125<sup>th</sup> MAINE LEGISLATURE  
Legislative Council

REQUEST FOR INTRODUCTION OF LEGISLATION  
BY LEGISLATIVE COUNCIL BALLOT

Date: October 30, 2012

Re: Request to display holiday wreath on State House Grounds

Motion: That the Legislative Council authorize the installation of a 60 foot tall, Maine-made balsam fir holiday wreath on the south lawn of the State House or in Capitol Park, such wreath to be donated, installed and removed by David Frasier of Downeast Wreath Company, Harrington, Maine without cost to the Legislature; further that the period of display to be from approximately December 1, 2012 through January 2, 2013; and further that the wreath decoration and display be secular and subject to approval of the Executive Director of the Legislative Council.

Request by: Rep. Dianne Tilton

Motion by: President Kevin L. Raye

Second by: Speaker Robert W. Nutting

				<u>Signature</u>
Sen. Kevin L. Raye	Yes ___	No ___	Abstain ___	_____
Sen. Jonathan T.E. Courtney	Yes ___	No ___	Abstain ___	_____
Sen. Debra D. Plowman	Yes ___	No ___	Abstain ___	_____
Sen. Barry J. Hobbins	Yes ___	No ___	Abstain ___	_____
Sen. Justin L. Alfond	Yes ___	No ___	Abstain ___	_____
Rep. Robert W. Nutting	Yes ___	No ___	Abstain ___	_____
Rep. Philip A. Curtis	Yes ___	No ___	Abstain ___	_____
Rep. Andre E. Cushing III	Yes ___	No ___	Abstain ___	_____
Rep. Emily Ann Cain	Yes ___	No ___	Abstain ___	_____
Rep. Terry Hayes	Yes ___	No ___	Abstain ___	_____

Totals

Yes \_\_\_\_\_

No \_\_\_\_\_

APPROVED / FAILED

(6 votes are required for approval)

Attested By: \_\_\_\_\_

David E. Boulter, Executive Director

Date: \_\_\_\_\_

LORING COMMERCE CENTRE

EXECUTIVE DIRECTOR'S  
OFFICE

2012 NOV -2 A 7:58

October 29, 2012

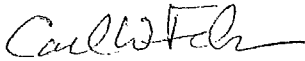
Mr. David E. Boulter  
Executive Director  
State of Maine Legislative Council  
115 State House Station  
Augusta, ME 04333

Dear Mr. Boulter:

Pursuant to "Section 13080-L Annual Report" of the Loring Development Authority of Maine's (LDA) enabling legislation, please find enclosed a complete report of the activities of the LDA for the fiscal year ended June 30, 2012. The report includes a summary of the LDA's development activities and audited financial statements for FY12. Subsequent events through October 15, 2012 and proposed activities for FY13 are also reported.

If you have any questions or need additional information, please don't hesitate to call.

Very truly yours,



Carl W. Flora  
President & CEO

Enclosure

cc: Senator Christopher W. Rector, Chair  
Representative Kerri L. Prescott, Chair  
Committee on Labor, Commerce, Research and Economic Development

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This institution is an equal opportunity provider. To file a complaint of discrimination, write to the Loring Development Authority of Maine.

Loring Development Authority of Maine  
154 Development Drive, Suite F Limestone, Maine 04750  
phone: (207) 328-7005 fax: (207) 328-6811 e-mail: LDA@loring.org  
TTY: 1-800-437-1220



# 2012 ANNUAL REPORT

## *LORING DEVELOPMENT AUTHORITY OF MAINE*



**Paragraph 13080-L**  
**Fiscal Year 2012 Annual Report**  
**July 1, 2011 – June 30, 2012**

	<b>Page</b>
<b>Paragraph 1A: Description of the Authority's Operations .....</b>	<b>2</b>
<b>Paragraph 1B: Authority's Audited Financial Statements for the Year Ended June 30, 2012 .....</b>	<b>11</b>
<b>Paragraph 1C: Property Transactions .....</b>	<b>12</b>
<b>Paragraph 1D: An accounting of all activities of any special utility ..... district formed under Section 13080-G (None)</b>	<b>14</b>
<b>Paragraph 1E: A listing of any property acquired by eminent domain..... under Section 13080-G (None)</b>	<b>14</b>
<b>Paragraph 1F: A listing of any bonds issued (None) .....</b>	<b>14</b>
<b>Paragraph 1G: Subsequent Events and Proposed Activities.....</b>	<b>15</b>
<b>Paragraph 1H: Further Actions Suitable for Achieving the Purposes ..... of this Article</b>	<b>18</b>
<b>Addendums:</b>	
<b>1) Loring Development Authority Board of Trustees .....</b>	<b>20</b>
<b>2) Loring Development Authority Development &amp; Field Staff .....</b>	<b>21</b>
<b>3) Loring Commerce Centre Tenants .....</b>	<b>22</b>
<b>4) Monthly Employment/Tenant Status Report.....</b>	<b>25</b>

**PARAGRAPH 1A: DESCRIPTION OF THE AUTHORITY'S OPERATIONS  
AND STATUS REPORT**

Loring Development Authority (LDA) is responsible for the redevelopment of the properties formerly comprising the Loring Air Force Base in order to create jobs and new economic activity following the base's closure. To do this, the LDA:

1. manages a 3,700-acre business-commercial and industrial park including a 1,600-acre aviation complex;
2. Serves as landlord and/or supplies municipal-type services to approximately 25 businesses, residents, and employers who collectively employ approximately 1,100 employees and occupy approximately 1.6 million square feet of space in nearly 80 major buildings;
3. Supports Loring's existing (and future) businesses and employers as well as Loring's 455 residents by operating a water treatment plant, water distribution system, and a wastewater collection system; maintaining and plowing 26 miles of roadways; performing grounds maintenance on hundreds of acres of developed and developable property; and providing for fire and ambulance services, law enforcement services and wastewater treatment; and
4. Works with prospective new Loring businesses to develop opportunities to reuse additional facilities and properties, to create additional employment and economic activity both at Loring and in the broader region.

Employers at Loring represent industrial, manufacturing, agriculture, forestry, telecommunications, commercial, back-office, education, health care, recreation, conservation and aviation sectors. A profile of the employers at Loring, included in Addendum-4 at the end of this report, illustrates the significant level and diversity of economic activity generated by the reuse of facilities at Loring Commerce Centre.

**FISCAL YEAR 2012 ACCOMPLISHMENTS**

The following summarizes the LDA's accomplishments for fiscal year 2012, which support its primary mission of job creation and facility absorption on Loring Commerce Centre.

**LORING BIOENERGY, LLC.** On September 24, 2010 the LDA and Loring Bioenergy (LBE) executed closing documents on a real estate transaction; the closing transferred 54 acres of land and seven facilities at Loring to LBE. One unserviceable building on the LBE property, the former central heat plant has been demolished. The LBE transaction also included the lease of the Searsport to Loring pipeline and the 50-foot pipeline right-of-way. Since the closing, the property at Loring and the lease of the pipeline was foreclosed upon by LBE's lender and was sold to Penobscot Natural Gas Company (PNG). According to PNG's parent, Gas Natural, Inc.,

PNG intends to activate the pipeline and expand its customer base for natural gas. The foreclosed property did not include the lease rights to the pipeline corridor which is retained by LBE's parent company, Loring Holdings (LH). LH is working with another natural gas company to establish further distribution of natural gas in Maine, including Aroostook County, using the pipeline corridor. Advancement of either or both of the natural gas distribution projects will depend on development costs and a sufficient number of committed natural gas customers to make the projects financially feasible.

**ALTAEROS ENERGIES.** Altaeros, a small development stage company with roots at MIT conducted tests of its airborne wind turbine using Loring's Arch Hangar and a portion of the airfield. Altaeros' innovation is a wind turbine in a helium-filled housing. The airborne turbine's main advantages are that it can ascend to altitudes where wind speeds are consistently high and the power derived from the wind is exponentially greater. The helium-filled device resembles the nacelle of a jet engine and is designed to turn into the wind thereby optimizing the energy that can be generated from the wind. The device can be deployed and retrieved quickly and moved from place to place making it ideal for military operations in forward areas or as a replacement for diesel generators in remote areas not served by transmission lines. Another important advantage is that there is no capital tied up in the construction of large towers as traditional turbines require. Altaeros was very pleased with the Loring Commerce Centre as a test site and indicated its interest in returning for future research and testing operations should the need arise. The project was coordinated by and through Science Applications International Corporation (SAIC).

**SCIENCE APPLICATIONS INTERNATIONAL CORPORATION (SAIC).** SAIC's unmanned aircraft development operations at Loring included the SKYBUS 30K, with a 30,000 cubic foot volume, then the SKYBUS 80K, with an 80,000 cubic foot volume. The 80K blimp was moved to Arizona for further testing by the U.S. Army at its proving ground in Yuma. SAIC is transitioning the airship program over to a newly-created affiliate named Unmanned Systems International Corporation (USIC). One of USIC's goals is to try to recover the unmanned airship from Yuma and return it to Loring to re-start and expand on that program. Budgetary constraints on defense agencies leave the future of airship development unclear. However, LDA and USIC met with US Customs and Border Patrol and presented the concept of using unmanned airships for surveillance purposes. USIC remains interested in exploring options for a project at Loring.

**Federal Aviation Administration (FAA) Test Ranges.** Congress is interested in the establishment of six FAA test ranges where the use of unmanned aerial vehicles (UAV) in the national airspace system will be evaluated. The test ranges will be designated on a competitive basis. Because Loring and other sites in Maine have much to offer as a test site, a team was formed to develop a proposal for FAA's consideration. Working on the FAA proposal are the Maine Department of Economic and Community Development (DECD), Maine Technology Institute, LDA, Northern Maine Regional Airport, Brunswick Executive Airport, USIC and MaineXPO. The concept includes a test center based at Loring and the Northern Maine Regional Airport with a flight corridor to a test range west of Ashland and a second test center based on the Brunswick Airport and a flight corridor to existing offshore military airspace. Meetings with an FAA consultant revealed advantages to establishing the test range here. However, many other states are pursuing the designations and have well-funded and highly-developed proposals. Although Maine may not be chosen for a test range site, the process will help position Maine to attract future development projects of a UAV-oriented aerospace industry.

**AIRSPACE WORKING GROUP.** In October 2011, prior to any public knowledge of FAA's plans to designate six test ranges, as a development project encouraged by the "Mobilize Maine" initiative, a working group was formed to explore the potential for UAV testing at Loring. To be successful, the group felt that a test center must take advantage of the FAA's Certificate of Authorization (COA) process and enjoy access to some special use airspace.

SAIC and Telford Aviation for several years conducted flight testing of unmanned blimps within a 5 mile radius of Loring. FAA has approved this activity under an "experimental certificate" issued for the specific aircraft to be tested and for the specific circumstances of the planned flights (i.e., flights originating and ending at Loring, within 5 miles, and similar imitations). The experimental certificate is a time-consuming and lengthy process and the FAA does not have the resources to expedite the issuance of experimental certificates for UAVs. An alternative is the "COA" or "certificate of authorization". This involves a public or governmental organization (like the University of Maine or the LDA) with the expertise to inspect and approve the flightworthiness of the aircraft sought to be tested. A developer of a UAV could get an aircraft approved for flight under the COA relatively quickly and then proceed with the flight testing necessary to perfect new UAV designs. Ultimately, Loring would become a UAV flight testing center and new jobs – for example, in aerospace engineering, piloting, and skilled fabrication – would be created.

**THE POWER COMPANY.** Maine Energy Performance Solutions together with The Power Company approached the LDA last year with a concept for establishing a utility scale solar farm at Loring. LDA entered into an exclusive negotiating agreement with the companies while they conducted a feasibility study to determine the technical and financial feasibility of the concept. A new proposal from The Power Company represents a smaller version of the initial solar power project. The new 53 KW capacity concept is a pilot style project that will demonstrate the viability of installing solar panels on individual buildings; it is suitable for powering the LDA office building. The proposal includes a net metering arrangement for the office building as well as the LDA's maintenance shop and it provides no financial exposure for the LDA. The price that the LDA pays for the electricity generated is pegged at 95% of what would otherwise be paid to Maine Public Service. A 20-year equipment lease with an option to buy at end of six years has been proposed. After a 12-month period there is a re-opener clause in the lease in the event that the PUC should change rules regarding credits.

**PELLETCO.** LDA received a proposal for the installation of pellet fueled heating systems from Pelletco and the University of Maine. The partners have been working on emerging agricultural technologies regarding a high energy yield grass for the production of grass pellets and the development of a pellet fueled heating system to burn the pellets. Pelletco proposes to provide and install a grass pellet-fueled heating system for two buildings and connect pellet system to the existing heat distribution systems; if needed, the oil boiler would supplement or back up the pellet system. Part of the proposal is to permit Pelletco to mow and collect grass on the airfield and former housing areas to use as a supply source. The projected annual savings in heat costs to the LDA is estimated to be about \$9,100 and additional costs would be realized in not having to mow the airfield and housing areas.

**IBERDROLA RENEWABLES.** Last year, Iberdrola Renewables proposed the potential benefits of a large wind farm at Loring, with 100 or more two-megawatt wind turbines to be located at various Loring sites that were not in conflict with existing land uses. The LDA would have to make a strategic decision to abandon potential aviation uses as the numerous tall structures would make safe aircraft operations impossible in Loring's vicinity.

**RE-GEN.** Re-Gen provides heating and combined heat/power solutions fueled by wood biomass. The company proposed a small central heating system for Loring including benefits to Loring business tenants. Discussions with Re-Gen continue on a financial scenario to build a district heating system and central biomass gasification boiler plant which would connect four large buildings and potentially numerous smaller buildings.

**THREE RING BINDER PROJECT.** In July 2011, LDA hosted the Maine Fiber Company and Tilson Technologies ribbon cutting ceremony for the 3 Ring Binder (3RB) kick off in Aroostook County. Federal funding dedicated to upgrading the communication infrastructure in rural areas made the 3RB project a reality in Maine. Maine Fiber Co. installed dark fiber (144 and 288 strand fiber optic cable) in selected areas in the state including the Loring campus, making dark fiber available at competitive rates, which is good for businesses using high volumes of data. Most of Loring's business locations will be within a few hundred feet of this new resource. As a direct result of the 3RB announcement, the LDA has been in discussions with a cloud computing center to locate a facility at Loring. More information can be found at the Maine Fiber Company web site: [www.maineiberco.com](http://www.maineiberco.com)

**WATER SUPPLY SYSTEM UPGRADES.** LDA and the Air Force entered into a Memorandum of Agreement, which included a payment to LDA of \$1.5 million for upgrades to the water treatment plant and distribution system. The MOA and payment addresses the Air Force's responsibility to provide potable water to Loring, where groundwater contamination prevents the use of wells. The funding matched a \$1,132,000 grant from the Economic Development Administration. The grant provides for 50% of the costs of a \$2,264,000 project to upgrade Loring's drinking water treatment infrastructure. Upgrades will allow the plant to perform at its rated capacity of 2.3 million gallons per day, making it possible to support large water users. The work is being completed in two phases. Phase one upgrades treatment systems and is intended to improve water quality. This phase, along with the rebuilding of the fishway on the water impoundment dam is nearing completion.

**INFLOW AND INFILTRATION (I&I) REDUCTION AT LORING COMMERCE CENTRE.** Reduction of the I&I of ground and surface water in Loring's wastewater collection systems is an ongoing project. The estimated cost to reduce Loring's I&I by 80% is \$5 million. A portion of the I&I work at Loring was completed in-house. A second phase, which replaced the collection system serving Loring's residential area, was completed last year; this year a third phase was completed. Phase III Replacement Sewer and Separation Project was performed by T Buck Construction, Inc. of Lewiston, Maine. This phase consisted of the replacement of approximately 3,400 linear feet of existing vitrified clay gravity sewers and approximately 150 feet of existing brick sewer manholes with new PVC and HDPE gravity sewer pipe and precast concrete manholes along the East Branch of the Greenlaw Brook. The work also included plugging abandoned sewers and disconnection of existing catch basins, sump pumps and roof drains from the wastewater collection system and directing the sources to existing storm drainage facilities. The final construction cost was \$453,900, funded by a grant from USDA/Rural Development and US Environmental Protection Agency. The impact of the project will reduce the volume of infiltration and inflow to the collection system by approximately 10 percent.

LDA worked with U.S. Fish and Wildlife to secure new easements for two separate segments of its sewer line along Greenlaw Brook. The two segments were replaced in Phase III. The new easements allowed the segments of the sewer collection line to be moved from the original

locations along Greenlaw Brook to drier ground along a private roadway. LDA released the original easements in exchange for the new easements on USFW property at Loring.

This summer LDA responded to a sewer line overflow resulting from a boulder being deliberately dropped into a manhole. At the time of the overflow the Maine Department of Environmental Protection (DEP) issued a warning relating to high levels of E-coli in Greenlaw Brook which parallels the sewer line. After the line was repaired and the area cleaned up, testing indicated that the bacteria levels had returned to normal and the DEP warning was rescinded.

**EPA REGIONAL ADMINISTRATOR VISIT.** The EPA Regional Administrator visited to review progress on the Limestone/Loring regional wastewater project. The USDA/Rural Development State Director, Maine DEP Commissioner and members of their staffs also visited. The regional project created a single wastewater treatment system for the Limestone/Loring community. It also extended the wastewater discharge from the Little Madawaska River to the Aroostook River. The visit was opportunity to present the issues of unrealized potential for further industrial development at Loring and for the continuation of the I & I reduction at Loring.

**SMALL BUSINESS FACILITIES UPGRADES.** LDA's \$1 million Small Business Administration (SBA) earmark grant is funding improvements to facilities for small business uses. The former library was the first building improved with SBA funds, a new roofing system including insulation was installed, protecting the building from water damage and saving on heating costs. Other buildings improved to date include the LDA office building, the former NCO Club, three smaller (2,000 sq.ft) buildings and Building 8410, a 22,000 square foot hangar. Additional work to be completed with SBA assistance is similar in design – facilities suitable for small business operations will be improved; energy efficiency is a priority.

**MAINE MILITARY AUTHORITY (MMA).** Recent building and production line upgrades performed by MMA on former warehouse buildings provided a "linear" production process adding more streamlined efficiencies to the vehicle rebuilding process. MMA's lead customer, the Federal National Guard Bureau, provided substantial funding to renovate the facilities and obtain equipment. Alternative contracts outside of the military arena are of great interest to MMA; the organization is working to diversify and potentially achieve profit center status.

**HB SPECIALTY FOODS, INC.** HB Specialty Foods, known locally as Hydroblend, extended their current lease for an additional two years, with an option for a third year. The company manufactures a variety of dry batter products for the food industry and offers a line of dry mix products for resale. Hydroblend has been at Loring since 1999 and currently employs 15 people.

**NORTHERN GIRL, LLC.** Northern Girl is a Van Buren company that had approached the LDA through the Northern Maine Development Commission looking for an interim solution for facility space that would accommodate organic vegetable processing. The company determined that the kitchen area of Loring's NCO Club would allow it to start operations until a facility is ready in Van Buren. Northern Girl suggested that a future scenario for the NCO kitchen may be to develop it as an incubator style shared kitchen for small food processors. Advertisements were placed locally requesting letters of interest from small companies doing small-scale food production, packaging, baking and early-stage product trials to identify potential candidates for this concept; there has been some local interest for this type of activity. Northern Girl also discussed developing a Regional Food Hub concept that involves small producers from throughout the broader region.

**RUSSETTO'S.** Russetto's Pizza and Deli now occupies the restaurant area in Building #5055. Prior restaurant operations at Loring focused on serving the workforce only, opening for breakfast and lunch, Monday through Friday. Russetto's, however, serves breakfast, lunch and dinner seven days a week, working to serve the working population at Loring as well as local residents and visitors.

**SHAW ENVIRONMENTAL.** Building #8214 is now leased by Shaw Environmental, a contractor secured by the Air Force to manage certain aspects of the long term environmental remediation project. The leased building, formerly occupied by another environmental engineering firm, fills Shaw's need for office space and a shop area.

**PIONEER WIRELESS.** Pioneer Wireless, doing business as Pioneer Broadband, is a broadband telecommunications company that now leases office space in LDA's office building. The new location will help Pioneer capitalize on the new Three Ring binder telecommunications infrastructure, enabling it to offer dark fiber, fiber optic and other advanced services to Loring customers.

**TIN CUP LAND COMPANY.** Various economic factors, including the high cost of heating fuel led Tin Cup Land Company to the decision to close its Tennessee Circle apartments. Tin Cup still owns and operates residential units on Manser Drive and Development Drive as well as the golf course at Loring. After closing the Tennessee Circle units, the property was returned to LDA and the company's partners decided to dissolve their business affiliation. The partners are working to divide the interests between the housing enterprise and the golf course, and to create two separate businesses.

**LAND SPEED RACING.** For the second successive year, a land speed racing event held at Loring in August 2011 and was again a success. The highlight was a new speed record for a sit-on motorcycle at 311.945 mph. Loring Timing Association organized the annual events and is very pleased with venue as well as with the turn out of the events. This event attracts participants from across the U.S.

**AUTOCROSS EVENT.** Cumberland Motor Club Inc. held its third successful autocross precision driving event at Loring this year. The event consisted of automobiles, including high performance cars, being operated within a defined course.

Although the race events do not attract huge crowds they do bring visitors to the area who provide increased traffic to restaurants, hotels and other businesses.

**NATIONAL GUARD PROJECT.** The Maine Army National Guard worked with LDA to design and carry out an engineering project to help keep Loring's runway and aviation areas clear for safety measures. The project has not yet been commenced, but when underway, Guard members will remove existing vegetation in the aviation areas and level out the terrain so that the majority of it can be mowed periodically.

**SENATOR OLYMPIA SNOWE.** Senator Snowe visited the Loring Job Corps Center in April along with LDA's President & CEO; they met with the Center Director, staff and students in the carpentry and electrical trades programs. The Senator has been a key advocate, a strong voice and valuable supporter of Loring throughout her career.



**LORING ROADS.** LDA financed the paving of approximately 10% of Loring's roadways last year, at a cost of \$350,000. A significant amount of paving work needs to be completed before the remaining roadways suffer deterioration of their road base in addition to surface damage, which would substantially increase the cost of rehabilitating the commerce center roads. LDA's President & CEO held discussions with DECD Commissioner, and Board Member, George Gervais, Representative Richard Cebra of the Transportation Committee and John Nass of the Governor's staff about the potential for the LDA to obtain funding for on-going roadway re-surfacing and maintenance from a future transportation bond issue. The transportation bond issue is the most likely vehicle to provide such funding as Loring's roads are considered "private" and therefore on the same legal footing as the street through a Maine University campus.

### **MARKETING EFFORTS**

**ADVERTISING.** The LDA continued with a limited hard copy advertising program. Several ads were placed in MaineBiz magazine as well as the in the annual Book of Lists also published by Maine Biz. A color ad was purchased in the Bangor Daily News special business section that is published in April. The Loring Commerce Centre was featured in a color ad in the annual Aroostook Visitors Guide and Maine Ahead Magazine. Advertisements are created in-house and provided electronically to advertisers.

Sponsorships for radio coverage were purchased for annual events at the Maine Potato Blossom Festival and Limestone's 4<sup>th</sup> of July Festivities.

**WEBSITE.** Loring website maintenance is performed in-house. A revamped website nears completion; it will provide more current information, efficient delivery of board meeting packages and agendas, and downloadable data for available facilities.

### **PUBLIC OUTREACH**

**LORING/LIMESTONE AD HOC COMMITTEE.** This committee, consisting of the LDA President & CEO, LDA Board members, Selectmen from the Town of Limestone and other local persons of interest, was established to develop and clarify ongoing issues regarding the provision and payment for municipal services at Loring.

**STAKEHOLDER & BUSINESS DEVELOPMENT MEETINGS.** The LDA President & CEO regularly leads tours and presents Loring's buildings and assets to potential tenants and visitors, and frequently attends speaking engagements and regional community meetings.

**AROOSTOOK PARTNERS FOR PROGRESS (APP) WEEKLY MEETINGS.** The LDA President & CEO attends a weekly steering committee meeting with area business leaders in the region to discuss trends and opportunities for business development in Aroostook County.

**PUBLIC BOARDS AND AFFILIATIONS.** The LDA President & CEO serves in a voluntary capacity on several regional Boards who oversee entities that provide a beneficial impact to the people living in communities surrounding the Loring Commerce Centre.

## **PROMOTING LORING**

Loring facilities, attributes and contact information is available on numerous business development websites such as The Maine Chamber, Maine Better Transportation Association, The Yellow Pages online, Hangars.com and other aviation interests.

Upcoming Board of Trustee meetings, press releases and announcements of new leases or business deals are promoted to local and state-wide media at the time the events occur.

In late July and early August the LDA hosted annual events on the airfield related to land speed racing. The Loring Timing Association and The Cumberland Motor Club sponsored autocross competitions once again. These open-to-the-public venues attract a larger audience each year and provide positive coverage through the local media, including TV, radio and newspapers.

The LDA provided assistance to the Loring Military Heritage Museum for their September 2-day Open House. The museum of Loring's military history hosted the open house as part of its reunion for military and civilian personnel who served at Loring before its closure. Hundreds of people attended and expressed interest in another Loring reunion in the near future.

## **OTHER ACTIVITIES & EFFORTS**

**REAL ESTATE BROKERS.** LDA requested expressions of interest for the exclusive listings of Loring's commercial properties from all area real estate brokers. An exclusive listing opportunity would provide an incentive for the selected broker to promote Loring properties, increasing potential sales. Several excellent responses were received; Re/Max provided the most effective and in-depth sales and marketing campaign proposal for property listings. Any exclusive listing contracts will be for specific properties. Properties not specifically listed will still be available under the "open listing" arrangement that has existed for years.

**LIMESTONE REAL ESTATE TAXES.** The town of Limestone bore a large share of the impact of the closure of Loring Air Force Base and could not absorb the cost of providing municipal services at the 8,700 acre commerce center. LDA provides those services at Loring but does not have the ability to levy taxes. When a property at Loring is sold it becomes a part of the Limestone tax base. LDA Trustees and members of the Limestone Select Board began discussing a gain-sharing arrangement to cover costs of municipal services at Loring.

**MOBILIZE MAINE.** LDA continues to collaborate with DECD and the Northern Maine Development Commission (NMDC) on the Mobilize Maine effort – a proactive, assets based grassroots approach to economic development. The asset mapping component has been completed. DECD, Fairpoint Communications and the six economic development districts identified renewable energy and information technology as two areas of economic promise for Aroostook County. LDA's President & CEO is a member of the Mobilize Northern Maine group and serves on its committee for the Renewable Energy cluster. An information technology cluster is examining ways to utilize Aroostook's comparative advantage in the area of fiber optics for data farms and other IT related businesses.

**LEAD-LEADERS ENCOURAGING AROOSTOOK DEVELOPMENT.** LDA President Carl W. Flora serves on the Board of Directors of LEAD.

**KEEPING INFORMED.** When relevant to the LDA's activities, LDA staff members actively participate in community and state economic development efforts, serving on various boards, attending workshops, development forums and trainings, keeping abreast of programs and other opportunities available to businesses.

## **LDA FUNDING**

**STATE OF MAINE.** In July 2011, the LDA received an appropriation from the State of Maine for \$200,000. This funding continues to be used for match funding for grants and for marketing and operating expenses. The State did not provide financial support for operating expenses at the Loring Applied Technology Center through fiscal year 2012.

**TAX INCREMENT FINANCING FUND.** The Loring Tax Increment Financing (TIF) Program allows the LDA to receive 50% of the Maine State Income Tax withheld from incremental jobs created at the Loring Commerce Centre to fund municipal type services provided at Loring. Contributions to this fund for fiscal year 2011 totaled \$964,600.50. These funds are used to fund municipal service costs and maintenance of public infrastructure.

**PROPERTY SALE, LEASE, MUNICIPAL SERVICES AND MISCELLANEOUS REVENUES.** During fiscal year 2012, the LDA received revenues from its tenants, from the sale of land and personal property and from miscellaneous revenues in the amount of \$1,614,819.

**KATAHDIN TRUST COMPANY.** In recent years, the LDA has secured a \$1,000,000 line of credit from Katahdin Trust Company to assist in the management of cash flow. At the end of FY 2011, funds advanced under the line of credit totaled \$780,000. This debt was retired in August 2012.

**KATAHDIN TRUST COMPANY.** The LDA secured a \$100,000 loan from Katahdin Trust Company to finance the purchase of a snow plow truck. Loan terms: 5 years with a variable interest rate equal to the Wall Street Journal prime rate plus zero percent with a floor of 4%.

**SBA GRANT.** In FY11 LDA secured a \$1 million federal appropriation which is administered through a grant from the Small Business Administration. The funding is for the upgrading of facilities in support of small businesses; the project is underway.

**EDA GRANT.** In FY11 LDA was awarded \$1,132,000 from the Economic Development Administration for the upgrade of Loring's water supply infrastructure; the project is underway.

Loring Development Authority of Maine  
Fiscal Year 2012 Annual Report  
July 1, 2011 – June 30, 2012

**PARAGRAPH 1B:      AUDITED FINANCIAL STATEMENTS FOR  
FISCAL YEAR 2012**

The attached Independent Auditor's Report was approved by the Loring Development Authority Board of Trustees on October 24, 2012.

LORING DEVELOPMENT AUTHORITY OF MAINE

FINANCIAL STATEMENTS

JUNE 30, 2012

## TABLE OF CONTENTS

	PAGE
GENERAL-PURPOSE FINANCIAL STATEMENTS	
MANAGEMENT'S DISCUSSION AND ANALYSIS	I-VII
INDEPENDENT AUDITORS' REPORT	1-2
STATEMENTS OF NET ASSETS	3
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-18
ADDITIONAL REPORTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	19-20
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	21-22
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	23
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	25

LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2012

UNAUDITED

The management of the Loring Development Authority of Maine (LDA) is providing the following discussion and analysis of the financial activities for the year ended June 30, 2012. The LDA is a component unit of the State of Maine with a mission to create jobs and positive economic growth by redevelopment of approximately 3,700 acres of the former Loring Air Force Base located in Limestone, Maine.

Report Layout

The management's discussion and analysis is intended to make reports more understandable, easier to read, comprehensible and to explain significant changes and financial positions between the current and prior year.

Financial Highlights

- Total net assets increased by \$983,272. The increase was due in part to improvements to capital assets accomplished with grant funding and debt financing which resulted in a gain from ordinary operations of \$983,272.
- Total revenues of \$4,397,205 are comprised of 31% from lease revenue, 26% from state assistance, 37% from federal grants and 5% from other LDA operations.
- Net jobs have neither increased nor decreased significantly over the past year, indicating a stable employment base within an overall challenging economic environment.
- The annual Caretaker grant revenue for the maintenance and operation of essential services and facility maintenance ceased in September 2004. The LDA now relies on lease income, state assistance and other operations to support these operations. The LDA's cost for facility maintenance, operations of water and sewer plants distribution and collection systems, maintenance of a network of roads, parking lots, airfield pavements, together with services for fire, police and ambulance protection was approximately \$2.47 million in fiscal year 2012.
- The LDA received various federal grants, low interest loans and 0% interest loans for the purpose of upgrading sewer lines, the water treatment facilities and various other facilities. As of June 30, 2012 a total of \$2,934,795 has been spent on these projects. \$1,568,903 represents Construction in Progress, the remainder was placed in service during previous years.

**PARAGRAPH 1G: SUBSEQUENT EVENTS – JULY 1, 2012 TO OCTOBER 15, 2012 AND  
PROPOSED ACTIVITIES FOR FISCAL YEAR 2012**

**SUBSEQUENT EVENTS**

Highlights of the activities on the Loring Commerce Centre between July 1, 2012 and October 15, 2012 are provided below.

**PELLETCO.** Pelletco and the University of Maine are working on emerging agricultural technologies regarding a high energy yield grass for the production of grass pellets and the development of a pellet fueled heating system to burn the pellets. LDA accepted the Pelletco proposal to provide heat to two LDA buildings as part of a pilot project for grass pellet heating systems. The company will provide the equipment and installation on the LDA building and LDA will purchase the heat provided by the systems. Projected annual savings to the LDA is estimated to be about \$9,100. Pelletco will also mow the airfield and former housing areas at Loring, supplementing their supply of grass and providing LDA with additional costs savings to be realized in not having to mow the airfield and housing areas.

**FRONTIER TRANSPORT.** LDA Trustees approved the renewal of Frontier Transport's lease for nosedock #22. The new 5-year lease will allow the company to continue to use Dock-22 in support of its agricultural business operations.

**LD 1843: OVERSIGHT OF QUASI-INDEPENDENT STATE ENTITIES.** LDA Trustees adopted a policy for organizational oversight as required by the new legislation. The policy incorporates LDA's existing policy on purchasing and travel and adds new requirements for tracking and reporting contributions.



## **PROPOSED AND PROJECTED ACTIVITIES FOR FISCAL YEAR 2012**

In addition to ensuring that our existing tenants remain viable business entities, the LDA intends to carry out the following activities in fiscal year 2012:

Continue to work with and support established tenants to further their operations at Loring and consider how cluster development may fit in with existing or new projects.

Continue to assist with emerging and newly proposed development projects such as the Loring pipeline and corridor energy projects, renewal energy generation projects, future aviation-related manufacturing projects and others.

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Follow up periodically with Laser Power Systems & Red Hawk Metals, LLC on the potential for the establishment of a project at Loring involving emerging laser-thorium technology.

Support the UAV and other airship projects and aggressively pursue additional aviation development at the Loring International Airport consistent with the niche markets identified by the community-based Aviation Task Force. Potential development includes aircraft maintenance, repair, manufacturing and overhaul, aircraft storage, cargo operations and activities that would support homeland security efforts.

Continue to work with the FAA to position Loring for various aviation operations at the Loring International Airport.

Pursue additional upgrades to Loring's already robust telecommunications infrastructure to support Sitel, the National Job Corps Data Center, DFAS and other potential telecommunications and data-based businesses.

Complete the upgrade of the water treatment plant including repairs of the LDA dam on the Little Madawaska River.

Continue to pursue rail service throughout Aroostook County and at Loring, which could be important to present and future large manufacturers.

Continue to discuss the consolidation of municipal services with neighboring communities, and to secure support for the maintenance of roadways at Loring.

Attempt to secure payments from Job Corps for the extraordinary demand on services they create.

Continue working with the Aroostook Band of Micmacs, collaborating on mutually beneficial development projects at Loring.

Continue working with Aroostook Partnership for Progress and the Northern Maine Development Commission in marketing the County including Loring and in the Mobilize Maine project.

Be prepared to move into a third phase of development, which includes building new facilities for large space users and other prospects. LDA has few large facilities available.

Continue demolishing substandard structures at Loring, increasing the Commerce Centre's marketability by creating open space for new construction and improving its aesthetic value.

Touch base periodically with Lamb Weston, Irving Forest Products, Inc., and other potential food and forestry-related manufacturers in support of the previously proposed food processing and value-added forest products manufacturing projects, when the market allows for expansion.

Continue to develop and enhance long-term funding strategies that will maximize LDA's ability to reach its development objectives.

Continue to network with business leaders in the region and statewide to identify further opportunities for development at Loring including the creation of new jobs.

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Continue to garner local, regional and statewide support for development efforts, in part by hosting tours of Loring for legislators, local and statewide organizations and individuals; making presentations at meetings and events; and participating in interviews with media and private organizations.

**PARAGRAPH 1H: FURTHER ACTIONS SUITABLE FOR ACHIEVING PURPOSES  
OF THIS ARTICLE**

Continued support by the State of Maine will be needed to make investments in infrastructure that will assure that Loring Commerce Centre continues to serve as a hub of commercial activity in northern Maine and is able to move forward in developing new opportunities. Loring is not unlike a city but it lacks a tax base so financial support must come from a combination of revenues generated from leases and real estate sales as well as targeted assistance provided by the State of Maine. A \$200,000 item in the DECD budget has been extremely important to LDA in the past.

LDA has made considerable investments in the wastewater treatment infrastructure and in the drinking water treatment and distribution systems as well as buildings and facilities suitable for use by small business. There are two areas where insufficient investments are being made:

1. transportation infrastructure; and
2. demolition and removal of substandard buildings.

Our attempts to secure assistance with roadways have to date not met with any success. We have self-funded some minor projects, but a more aggressive program of pavement replacement will need to be undertaken in the near future.