

# MAINE STATE LEGISLATURE

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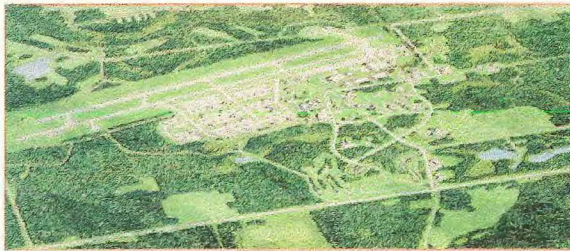
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# LORING COMMERCE CENTRE

Building the future...

LORING COMMERCE CENTRE



Your Maine Door  
to Opportunity

## LORING DEVELOPMENT AUTHORITY OF MAINE 1998 ANNUAL REPORT

- ♦ DEAS
- ♦ Limestone Country Club
- ♦ MacDonald Enterprises
- ♦ Maine Woods Company LLC
- ♦ Loring Job Corps
- ♦ Evergreen Lanes
- ♦ The Haven Inn
- ♦ Malabeam Lake Recreational Area and Campground
- ♦ Beauty Unlimited
- ♦ Maine Army National Guard
- ♦ Loring Fitness Center
- ♦ Sitel Insurance Services
- ♦ Speedling Inc.
- ♦ Aroostook Emergency Management Agency
- ♦ DeHondt Technologies
- ♦ Aroostook National Wildlife Refuge
- ♦ Loring Health Center



September 21, 1998

Actual *							Projected																
Revenue:	F/Y	F/Y	F/Y	F/Y	F/Y	5 Year	F/Y	F/Y	F/Y	F/Y	F/Y	F/Y	F/Y	F/Y	F/Y	F/Y	15 Year						
Operating	93/94	94/95	95/96	96/97	97/98	Total	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	Total						
State of Maine	\$ 136,000	250,000	314,707	383,560	326,026	1,410,293	326,026	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	\$ 6,236,319						
OEA Grants	136,008	497,029	587,568	449,206	115,500	1,785,311	-	-	-	-	-	-	-	-	-	-	1,785,311						
EDA Grant - Marketing	-	-	8,205	136,447	150,000	294,652	-	-	-	-	-	-	-	-	-	-	294,652						
EDA Grant- Operations	-	-	-	-	220,000	220,000	333,333	333,333	113,334	-	-	-	-	-	-	-	1,000,000						
EDA Grants-Demolition Housing	-	-	-	-	25,000	25,000	1,000,000	475,000	-	-	-	-	-	-	-	-	1,500,000						
EDA Grants-Demolition Infrastructure	-	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-	0						
EPA Grants	-	-	-	1,865	6,000	7,865	67,135	-	-	-	-	-	-	-	-	-	75,000						
Leases	-	2,000	163,676	375,243	418,000	958,919	535,000	415,000	540,000	625,000	740,000	840,000	975,000	1,110,000	1,245,000	1,330,000	9,313,919						
Other Income, Interest & Misc.	11,882	30,971	62,813	128,001	131,000	364,667	125,000	135,000	145,000	155,000	165,000	175,000	185,000	195,000	205,000	215,000	2,064,667						
Land & Facility Sales	-	-	-	-	-	-	750,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,550,000						
Total Operating Revenue	283,890	780,000	1,136,969	1,474,322	1,391,526	5,066,707	3,136,494	2,058,333	1,498,334	1,480,000	1,605,000	1,715,000	1,860,000	2,005,000	2,150,000	2,245,000	24,819,868						
Municipal																							
Facilities Maintenance & Operations	-	3,390,011	3,018,238	2,851,342	2,719,749	11,979,340	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	750,000	-	-	-	30,729,340						
Municipal Service Fees	-	-	193,275	333,704	355,000	821,979	370,000	400,000	430,000	455,000	490,000	525,000	550,000	580,000	610,000	635,000	5,866,979						
Loring Job Increment Financing Fund	-	-	-	-	100,000	100,000	100,000	125,000	150,000	175,000	200,000	225,000	250,000	275,000	300,000	325,000	2,225,000						
Water & Sewer Fees	-	-	-	-	41,000	41,000	68,000	78,000	88,000	98,000	108,000	128,000	138,000	148,000	158,000	168,000	1,221,000						
Total Municipal Revenue	-	3,390,011	3,151,513	3,185,046	3,215,749	12,942,319	3,538,000	3,603,000	3,668,000	3,728,000	3,798,000	3,878,000	1,688,000	1,003,000	1,068,000	1,128,000	40,042,319						
Total Revenue	\$ 283,890	\$ 4,170,011	\$ 4,288,482	\$ 4,659,368	\$ 4,607,275	\$ 18,009,026	\$ 6,674,494	\$ 5,661,333	\$ 5,166,334	\$ 5,208,000	\$ 5,403,000	\$ 5,593,000	\$ 3,548,000	\$ 3,008,000	\$ 3,218,000	\$ 3,373,000	\$ 64,862,187						
Operating Expenses																							
Salaries and Benefits	\$ 57,182	353,808	391,821	481,133	561,423	1,845,367	593,619	608,000	624,000	639,000	655,000	672,000	688,000	706,000	723,000	741,000	8,494,986						
Miscellaneous Operating Expenses	131,618	295,555	168,045	146,026	121,751	862,995	126,350	134,500	134,500	134,500	134,500	134,500	134,500	134,500	134,500	134,500	2,199,845						
Marketing Incentives & Tenant Fit Up Costs	-	-	-	-	185,000	185,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,685,000						
Demolition Costs - Housing	-	-	-	-	25,000	25,000	1,000,000	475,000	-	-	-	-	-	-	-	-	1,500,000						
Demolition Costs - Infrastructure	-	-	-	-	-	-	-	1,000,000	0	-	-	-	-	-	-	-	1,000,000						
Marketing Operations	-	-	142,389	184,256	223,000	549,645	250,000	250,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,649,645						
EPA - Costs	-	-	-	-	6,000	6,000	67,135	-	-	-	-	-	-	-	-	-	73,135						
Property - Fit Up - Residential	-	-	144,116	20,654	10,000	174,770	20,000	20,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	294,770						
Property - Maintenance - Residential	-	-	108,144	215,235	230,000	553,379	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	2,803,379						
Airport Expense - Net	-	-	-	-	-	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000						
Total Operating Expenses	188,800	649,363	954,515	1,047,304	1,362,174	4,202,156	2,582,104	3,012,500	1,493,500	1,508,500	1,524,500	1,541,500	1,557,500	1,575,500	1,592,500	1,610,500	22,200,760						
Municipal Expenses																							
Facilities Maintenance & Operations	31,538	3,390,011	3,163,501	3,229,344	2,719,749	12,534,143	2,970,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	1,500,000	1,500,000	1,500,000	1,500,000	36,504,143						
Municipal Service Fees - PILOT	-	-	-	-	355,000	355,000	370,000	400,000	430,000	455,000	490,000	525,000	525,000	525,000	525,000	-	3,162,500						
Water & Sewer Operations	-	-	-	-	30,750	30,750	51,000	58,500	66,000	73,500	81,000	96,000	20,000	-	-	-	476,750						
Infrastructure and Equipment Upgrades	-	-	-	-	-	-	-	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,250,000						
Total Municipal Expenses	31,538	3,390,011	3,163,501	3,229,344	3,105,499	12,919,893	3,391,000	3,708,500	3,746,000	3,778,500	3,821,000	3,871,000	1,907,500	1,750,000	1,750,000	1,750,000	42,393,393						
Total Expenses	\$ 220,338	\$ 4,039,374	\$ 4,118,016	\$ 4,276,648	\$ 4,467,673	\$ 17,122,049	\$5,973,104	\$6,721,000	\$5,239,500	\$5,287,000	\$5,345,500	\$5,412,500	\$3,465,000	\$3,325,500	\$3,342,500	\$3,360,500	\$4,594,153						
Net Cash Flow							\$ 63,552	\$ 130,637	\$ 170,466	\$ 382,720	\$ 139,602	\$ 886,977	\$701,390	(\$1,059,667)	(\$73,166)	(\$79,000)	\$57,500	\$180,500	\$83,000	(\$317,500)	(\$124,500)	\$12,500	\$ 268,034
Cash Reserves Activity:																							
Reserve Balance- Beginning	\$ -	63,552	194,189	364,655	747,375	-	886,977	1,588,367	528,700	455,534	376,534	434,034	614,534	697,534	380,034	255,534	-						
Development Operations	63,552	130,637	170,466	382,720	29,352	776,727	584,390	-954,167	4,834	-28,500	80,500	173,500	302,500	429,500	557,500	634,500	2,561,284						
Loring Job Increment Financing Fund	-	-	-	-	100,000	100,000	100,000	125,000	150,000	175,000	200,000	225,000	250,000	275,000	300,000	325,000	2,225,000						
Water & Sewer Fees	-	-	-	-	10,250	10,250	17,000	19,500	22,000	24,500	27,000	32,000	118,000	148,000	158,000	168,000	744,250						
Infrastructure and Equipment Upgrades	-	-	-	-	-	-	-	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(2,250,000)						
Municipal Operations	-	-	-	-	-	-	-	-	-	-	-	-	(337,500)	(920,000)	(890,000)	(865,000)	(3,012,500)						
Total Operations - To Date	\$ 63,552	\$ 194,189	\$ 364,655	\$ 747,375	\$ 886,977	\$ 886,977	\$ 1,588,367	\$ 528,700	\$ 455,534	\$ 376,534	\$ 434,034	\$ 614,534	\$ 697,534	\$ 380,034	\$ 255,534	\$ 268,034	\$ 268,034						
* 97/98 Estimated																							





## LORING COMMERCE CENTRE

Brian N. Hamel  
President & CEO

To the Citizens of the State of Maine:

Fiscal year 1998 marked the first full year that the Loring Development Authority (LDA) had development control of the Loring Commerce Centre. Although the LDA's focus from 1994 to 1997 was to negotiate a property transfer and establish a business financing strategy that would result in the prudent investment of Maine taxpayer dollars, our goals are now quite "simple"; **Responsible development that results in the creation of quality, incremental jobs, and the resultant positive economic spin-off effects on the local, regional and State of Maine economies.** Despite this simplistic goal, we all know that successful economic development in the rural regions of any State can often times be difficult, frustrating, and certainly doesn't happen overnight. This is why it is extremely important to develop a comprehensive marketing and business development strategy that has a clear focus, is consistent & persistent, is properly funded, and has long-term vision. Thanks to the moral and financial support of Maine's Legislature and Governor Angus S. King, Jr., and the foresight of the LDA Board of Trustees and staff, the LDA's marketing strategy has all of the attributes that are necessary to produce results.

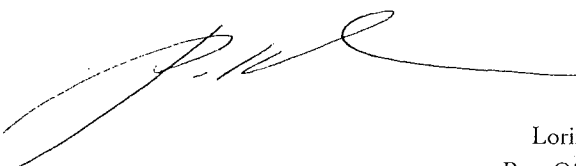
Although it often takes years to initially establish and build relationships with potential prospects even before they consider expansion and/or relocation options, our marketing efforts have produced the following major successes over the past year:

- Establishment of a Maine Army National Guard vehicle refurbishment center.
- Host of The Great Went and Lemonwheel Phish concert festivals.
- Expansion of Sitel Corporation's Omaha, Nebraska-based call center operations.
- Strawberry seedling pilot project conducted by Sun City, Florida-based Speedling, Inc.
- Opening of the Loring International Airport as a private-use airfield.
- Planned opening of a hardwood flooring plant by a Seven Islands-controlled entity.
- Creation of the 4,000 acre Aroostook National Wildlife Refuge operated by USF&W.

As you can see, once again we have achieved measurable results during 1998 and we have a great deal of momentum as we enter 1999, but now is not the time to rest on our laurels. As is the case with the successful completion of any marathon, the road that will lead us to the successful development of the Loring Commerce Centre will be long, winding, tiring, but by contrast, quite rewarding. Therefore, in order for us to achieve our long-range goals of job creation, it is imperative that we stay the course with respect to our marketing efforts. Rest assured, we will continue to aggressively implement our marketing strategy and we will strive to surpass the successes we have achieved in the past.

I would like to take this opportunity to thank everyone who has provided us invaluable input and support in our development efforts. As is the case with any effective community-based project, successes cannot be achieved with the input of only one person and/or one entity, but rather it takes a team effort to build a championship caliber team. We have collectively risen to the occasion for the benefit of Maine citizens, and that is something that we should all be very proud of!

Best regards,



Loring Development Authority of Maine  
Post Office Box 457 Limestone, Maine 04750

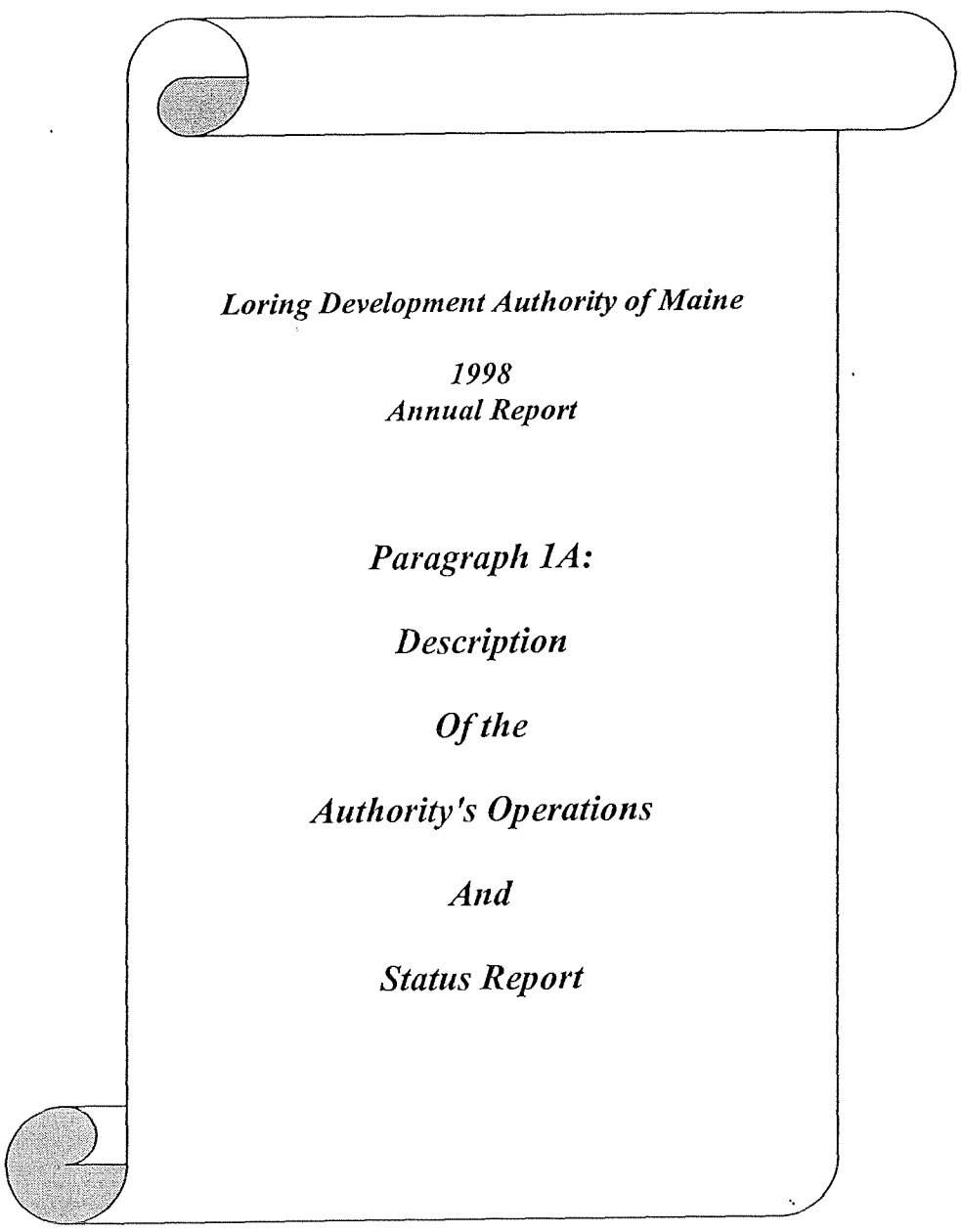
phone: (207) 328-7005 fax: (207) 328-6811 e-mail: LoringLDA@aol.com



*Loring Development Authority of Maine  
Paragraph 13080-L Annual Report  
July 1, 1997 through June 30, 1998*

- ◆ *Paragraph 1A: Description of the Authority's Operations and Status Report*
- ◆ *Paragraph 1B: Authority's Audited Financial Statements*
- ◆ *Paragraph 1C: Property Transactions during Fiscal Year 1998*
- ◆ *Paragraph 1D: An Accounting of all Activities of Any Special Utility District Formed under Section 13080-G: NONE*
- ◆ *Paragraph 1E: A Listing of Any Property Acquired by Eminent Domain under Section 13080-G: NONE*
- ◆ *Paragraph 1F: A Listing of Any Bonds Issued during Fiscal Year 1998: NONE*
- ◆ *Paragraph 1G: Subsequent Events and Proposed Activities for Fiscal Year 1999*
- ◆ *Paragraph 1H: Further Actions Suitable for Achieving the Purposes of this Article*
- ◆ *Attachments*
  - ◆ *Loring Development Authority Board of Trustees*
  - ◆ *Loring Development Authority Development Staff*
  - ◆ *Employment/Tenant Status Report as of September 30, 1998*
  - ◆ *Loring Commerce Centre Milestones*





*Loring Development Authority of Maine*

*1998  
Annual Report*

*Paragraph 1A:*

*Description*

*Of the*

*Authority's Operations*

*And*

*Status Report*



**Loring Development Authority of Maine**  
**Paragraph 1A: Description of the Authority's Operations and Status Report**  
**July 1, 1997 through June 30, 1998**

The Loring Development Authority of Maine (LDA) enjoyed measurable successes with respect to its mission of economic development and job creation for fiscal year 1998. As summarized below, progress was achieved in moving forward towards the Authority's goals, thus contributing to the area's economic recovery and prosperity.

**Fiscal Year 1998 Goals:**

Prior to Fiscal Year 1998, the LDA had many goals and objectives that were based on building a solid foundation upon which to build its future successes. The Loring property transfer that occurred in April 1997 made it possible for the LDA for the first time to enter into long-term agreements with its tenants and to better achieve its goals and objectives moving forward, being job creation and facility absorption. At the August 1997 LDA Board of Trustees Meeting, the Board approved FY 1998 goals of creating 906 cumulative jobs since its inception and leasing an additional 50,000 square feet during FY 1998.

The LDA accomplished the following major economic development related projects over the past fiscal year:

- Phish concert (The Great Went) in August 1997, which attracted over 65,000 concert goers, garnered approximately \$100,000 of gross revenue to the LDA, employed over 1,000 people during the event and injected between \$20 million and \$30 million in the local, regional and State of Maine economies. In February 1998, the LDA announced that it had reached agreement with Great Northeast Productions to hold an encore Phish performance on August 15<sup>th</sup> & 16<sup>th</sup> entitled Lemonwheel.
- Establishment of the Maine Army National Guard vehicle refurbishment center, employing approximately 50 people during its first year of operations with expansion possibilities to 100 employees, and occupying 63,000 square feet of facility space.
- Attracted two (2) additional amenity based tenants (i.e.: Loring Fitness Center & Beauty Unlimited).
- Executed lease extensions with all of the LDA's amenity based tenants (i.e.: Limestone Country Club & Townhouses, Malabear Lake Campground, Wee Care Day Care Center, Evergreen Bowling Lanes, Haven Inn).
- Long-term lease extension for MacDonald Enterprises, securing 10 existing jobs with potential for additional job creation, and occupying 18,000 square feet of facility space.
- Expansion of Sitel Corporation's (company headquarters are in Omaha, Nebraska) call center operations, initially employing 350 people with potential to grow to 500 employees, and occupying 48,000 square feet of facility space.
- Designation of Loring's airfield as a private airport with prior permission use, as well as the establishment of an Aviation Task Force to provide direction to the LDA Board of Trustees with respect to future aviation development.
- Development of land use & zoning controls for the Loring property.
- Secured Year 4 funding of \$2,853,000 in connection with the Caretaker Cooperative Agreement.
- Secured a \$1,000,000 operating grant from the Economic Development Administration that will supplement the LDA's day-to-day operating expenses, excluding marketing activities, through September 30, 2000.



- Awarded a \$1.5 million grant from the Economic Development Administration in June 1998 to demolish the wherry style housing units at Loring.
- Entered into a memorandum of understanding with Maine Public Service Company to transfer Loring's electrical distribution system with a transfer price of \$250,000 plus other considerations.
- Executed a lease agreement with Aroostook Emergency Management Agency for the purpose of opening a 3,200 square foot Emergency Operations Center.
- Entered into a letter of intent with Cary Medical Center for the purpose of opening a 2,000 square foot health clinic.
- Entered into a lease agreement with Speedling, Inc. to occupy 9,900 square feet of space for a pilot project to evaluate strawberry and broccoli seedling transplant production.

As a result of the above accomplishments, during fiscal year 1998, the LDA leased 144,000 square feet of facility space with an expected cumulative employment level of approximately 915 employees, thus achieving both of the goals established by the LDA Board.

### **Marketing Efforts:**

In Fiscal Year 1998, the LDA aggressively continued its targeted sales and marketing program, which is funded through the Economic Development Administration (through June 30, 1998 only) and State of Maine appropriations. LDA staff (President, Vice President, Manager of Sales & Marketing, Marketing Assistant and Assistant to the President/Public Relations Manager) participated in the following trade shows, conferences and meetings during the fiscal year:

- July 18-21, 1997 – Air Show at Dayton International Airport in Dayton, OH
- July 30-August 5, 1997 – Experimental Aircraft Association Fly-In Convention in Oshkosh, WI
- September 13-17, 1997 – International Call Center Summit in Atlanta, GA
- September 17-19, 1997 – Fall '97 Technology for Call Center Solutions Exhibition & Conference in Atlanta, GA
- October 18-24, 1997 - Panel & Engineered Wood Technology Conference & Exposition in Atlanta, GA
- October 30 - November 2, 1997 - Woodworking Machinery & Supply Exposition in Toronto, Canada
- November 8-14, 1997 - OEM/Supplier Symposium and Aerospace INFOTech '97 in San Diego, CA
- November 15-20 - IDRC 1997 Fall World Congress in San Diego, CA
- October 29-31, 1997 - Partnerships '97 in Moncton, Canada
- January 28-29, 1998 - Northeastern Economic Developers Association Seminar in Newark, NJ
- February 19-25, 1998 - Expobois '98 International Exhibition of Woodworking Machinery Manufacturers and Timber Industries in Paris, France
- March 9-13, 1998 - Aircraft Maintenance & Reliability Seminar in New Orleans, LA
- March 16-19, 1998 - 1998 National Manufacturing Week Conference in Chicago, IL
- April 1-3, 1998 - Maintenance, Repair and Overhaul (MRO) '98 in Fort Lauderdale, FL
- April 5-10, 1998 - Prospect Meetings in Minneapolis, MN
- April 20-23, 1998 - Hannover Fair '98 in Hannover, Germany
- April 30-May 1, 1998 - Co-Enterprise in Quebec City, Canada
- May 8-11, 1998 - IDRC Spring World Congress in Baltimore, MD
- May 12-15, 1998 - TSC Aircraft Maintenance Seminar in Orlando, FL



- June 7-11, 1998 - Canadian Business Aircraft Association 37<sup>th</sup> Annual Convention and Trade Show in Montreal, Canada
- June 24-28, 1998 - Construction Specifications Institute 42<sup>nd</sup> Annual Convention & Exhibit in Baltimore, MD

Also during fiscal year 1998, the LDA placed multiple advertisements in the following publications:

- Inc. Magazine - Summer 1997
- Harvard Business Review - Summer 1997
- DownEast Magazine - Fall 1997
- Canadian Business Magazine - Fall 1997
- Industry Week Magazine Fall 1997
- Coastlines Magazine - Fall 1997
- New England Real Estate Journal - Fall 1997
- Northeast Export Magazine - Fall 1997
- Area Development Magazine - Location USA Spring Issue (April)
- Business Facility Magazine - International Sites Issue (April)
- World Trade Magazine - March and May 1998
- U.S. Sites & Development Magazine - March 1998
- Industry Week Magazine - March 1998
- Bangor Daily News Perspectives '98 - April 1998
- Canadian Business Magazine - April & June 1998
- Inc. Magazine - May 1998
- U.S. Sites & Development Magazine - April, May & June 1998
- Industry Week Magazine - June 1998
- Export Today Magazine - June 1998
- Business Facilities Magazine - May 1998

Throughout the year, LDA staff conducted numerous site tours and commenced discussions with a variety of potential national and international business prospects. These companies ranged from office to manufacturing to airfield use interests and have culminated in ongoing serious discussions with several of them. As outlined above and expanded upon in several areas within this report, many of the LDA's sales and marketing efforts have produced tangible results. It is a long process that requires a great deal of patience and persistence, but continued due diligence and a focused effort will continue to lead to our development successes.

#### **LDA Funding:**

State of Maine: In July 1997, the LDA received its first installment of biennial State of Maine appropriation in the amount of \$326,026. This funding was used in FY 1998 in part, to provide match funding for the LDA's operational and marketing grants from Federal sources. Whereas marketing funding provided by the Economic Development Administration expired in June 1998, going forward, State funding will be used primarily to fund the LDA's sales and marketing efforts and allow the LDA to continue its critical mission to put Loring on the radar screen of national and international companies.

Office of Economic Adjustment: The LDA's operational grant with the Office of Economic Adjustment (OEA) expired on September 30, 1997.



Economic Development Administration (EDA) Operational Funding: On September 30, 1997, EDA awarded the LDA a \$1 million grant to fund the LDA's operating expenses for the three (3) years ending September 30, 2000 (\$333,333 per year). This grant award requires the LDA to provide a cash match over the grant period of \$250,000, or \$83,333 per year.

EDA Marketing Funding: As stated above, funding provided by the Economic Development Administration (EDA) through a subgrant agreement with the Northern Maine Development Commission to fund the implementation of the marketing program expired on June 30, 1998.

Caretaker Cooperative Agreement: Year 4 of the Caretaker Cooperative Agreement (CCA), which provides the LDA funding for protection and maintenance of the Loring facilities for the period October 1, 1997 through September 30, 1998, was executed in September 1997 with the Air Force Base Conversion Agency, in the amount of \$2,853,000, providing employment for approximately 50 employees.

Economic Development Administration (EDA) Demolition Funding: In January 1998, an application was filed with EDA seeking a \$1.5 million grant to commence with the demolition of the north & south wherry housing units. Prior to formal notice of approval in June 1998, because of the short construction season in northern Maine, EDA granted the LDA an "early start" to hire an engineering firm to provide services to include landfill design and regulatory approvals. EDA announced that the \$1.5 million grant would be awarded to the LDA, with the stipulation that the LDA provide a cash match of 25%, or \$500,000, which could be utilized to fund the LDA's sales and marketing program.

Environmental Protection Agency (EPA) Grant: The grant agreement between EPA and the LDA for the purpose of educating stakeholders about the perceived liability associated with the development of contaminated property on a Superfund site was extended for a twelve (12) month period in September 1997. In March 1998, the LDA issued Request for Proposals (RFP) from qualified firms to develop collateral materials for this educational outreach program and in April 1998 awarded the contract to a local company, who continues to work with LDA staff in the development and refinement of the materials.

Other Funding: As development of Loring progresses, the LDA is beginning to see revenues from the "fruits of its labors" in the form of lease revenue, utilities sales and from the Loring Tax Increment Financing (TIF) program.

#### **Tenants at Loring:**

As of June 30, 1998, the Loring Commerce Centre was home to a total of 16 public and private sector tenants. The following is a summary of the progress of Loring's major tenants:

Defense Finance and Accounting Service (DFAS) Center: DFAS was awarded renovation project funding that would create open space in their facility and allow them to employ up to 525 employees. Local contractors were hired for the approximate \$6 million project, which commenced on the second floor of the building in June 1998 and in January 1999 they expect to begin renovations on the first floor. The DFAS Limestone Operating Location continues to be recognized for its excellence and was honored with the prestigious Hammer Award for Excellence on January 21, 1998 a recognition of cost and quality control. DFAS also continues to strive to be a good corporate citizen through their active employee involvement with the community and their donations of computer equipment to area schools. As of June 30, 1998, DFAS employed 309 people.



Loring Job Corps: The Loring Job Corps Center continues its quest for excellence and held its first commencement for graduating students in June 1998. The Center has received many rave reviews from the Department of Labor, rating first in the Region and is known for its innovative programs and the quality of graduating students. At the end of fiscal year 1998, Loring Job Corps employed 122 people and had 323 students enrolled.

United States Fish & Wildlife (USF&W) Service: During fiscal year 1998, little progress was made between the Air Force and the USF&W to transfer approximately 3,900 acres of land at Loring to establish the Aroostook National Wildlife Refuge. Issues such as asbestos and the demolition of unwanted buildings and fencing remained an obstacle to transfer and there remained a level of frustration by all parties. By the end of the fiscal year, however, it became apparent that the parties had reached agreement on those issues and it was expected that the transfer would take place in the fall of 1998. The \$400,000 start-up funding was carried over to the next fiscal year and USF&W made plans to hire an on-site Assistant Refuge Manager.

Sitel Corporation: On November 12, 1997, with Governor King in attendance, the LDA executed a lease agreement with Sitel Corporation, the global leader in outsourced telephone-based customer services, to expand their call center operations in a 48,000 square foot building at Loring. After receiving funding from the CDBG Program through the Town of Limestone and additional funding from the LDA, local contractors were hired for engineering and construction services to renovate the building to accommodate up to 350 employees. The contract awards injected over \$550,000 into the local community and the combined investment into the facility, including renovation and equipment costs is approximately \$1.2 million. In early May, Sitel Corporation's Loring center made its first sales call and at the end of the fiscal year, Sitel had trained (through assistance of Maine's Bureau of Insurance Services and Maine Quality Centers Program) and hired approximately 120 employees.

Maine Army National Guard (MEARNG) Loring Center of Excellence: In September 1997, MEARNG opened a vehicle refurbishment center at Loring, initially employing between 25 and 40 employees. The MEARNG's decision to open a refurbishment center at Loring was due in large part to recent contract awards and projected contract growth by the National Guard Bureau (NGB) in Washington, D.C. to perform various types of work on military wheeled vehicles, including 5-Ton trucks and High Mobility Multipurpose Wheeled Vehicles (HMMWV). As of June 30, 1998, the Center of Excellence employed 47 people.

In addition, the LDA executed numerous other leases, lease renewals and license agreements during fiscal year 1998 with private sector tenants, as outlined in "Paragraph 1C: Property Transactions During Fiscal Year 1998."

As of June 30, 1998, 650 people were employed and 121 DFAS dependents and 323 Job Corps students were living at Loring for a total of 1,094 people working and living at Loring. Please note that these figures do not include the approximately 150 people employed by the various entities involved in the development and cleanup efforts at Loring. In addition, 987,779 square feet of facility space, or 31% of the total, and 4,229 acres of land, or 49% of the total, has been committed to, resulting in the creation of a projected 1,184 incremental jobs.



**LDA Board of Trustees and Staffing:**

The LDA operations staff added one employee to its staff during fiscal year 1998. Operational staff includes: President & CEO, Vice President & General Counsel, Director of Finance and Administration, Manager - Real Property and Human Resources, Assistant to the President/Public Relations Manager, Manager - Sales and Marketing, Marketing Assistant, Administrative Assistant and Receptionist. The LDA also employs 21 individuals associated with municipal operations at Loring, including a Caretaker Operations Manager, Quality Control Coordinator, Accounts Control Manager and Administrative Assistant.

At the June 1998 meeting, the following Board members were elected as officers for fiscal year 1998 for one year terms: Brian Thibeau - Chair, Albert Watt - Vice Chair, Anne Pringle - Secretary and Daniel LaPointe - Treasurer.

Trustee Philip St. Peter was appointed to a four-year term on November 3, 1997.

**Other Activities:**

Loring International Airport Private Use Designation and Aviation Task Force: The LDA received approval from the Federal Aviation Administration (FAA) in November 1997 to certify Loring's airfield as a private use airport with prior permission required. In February 1998, the LDA Board approved the formation of an aviation task force comprised of local, state and federal members to identify and discuss alternative uses for Loring's aviation complex. During their initial meeting in March, the task force formed a committee to decide the mission of the group, which states: *The mission of the Loring Aviation Task Force is to identify and support niche market uses for the Loring International Airport that will serve a useful and fiscally responsible public purpose, does not compete for revenue from traditional grant sources, that enhances the development of existing aviation assets in a manner that minimizes competition, and thus positively contributes to the overall economy of the State of Maine.*

Consistent with the mission statement adopted by the Task Force on April 27, 1998, the Task Force agreed to multiple suitable uses that are not competitive with existing airport facilities in the region. At the present time, the Task Force does not support the pursuance of a public use status for the Loring International Airport. If in the future, a lack of a public use designation proves to be an impediment to taking advantage of the identified niche markets, the Task Force would reconsider its position.

Subsequent to the Loring Aviation Task Force's work being completed, a local group of business concerns formed the Northern Maine Regional Air Service Task Force to address the problem of limited commercial air service in the area, which the LDA President & CEO is a member of. One of their benchmark accomplishments to date is attracting a second commercial air carrier (Business Express) to return to the Northern Maine Regional Airport.

Loring Land Use and Zoning Ordinances: After holding a public hearing on December 10, 1997, the LDA Board of Trustees formally adopted Land Use and Zoning Ordinances for the Loring Commerce Centre, which were formulated by the LDA Planning Board. Subsequently, at the May 1998 Board meeting, the Trustees adopted the BOCA Building Code for Loring development projects and appointed a code enforcement officer.



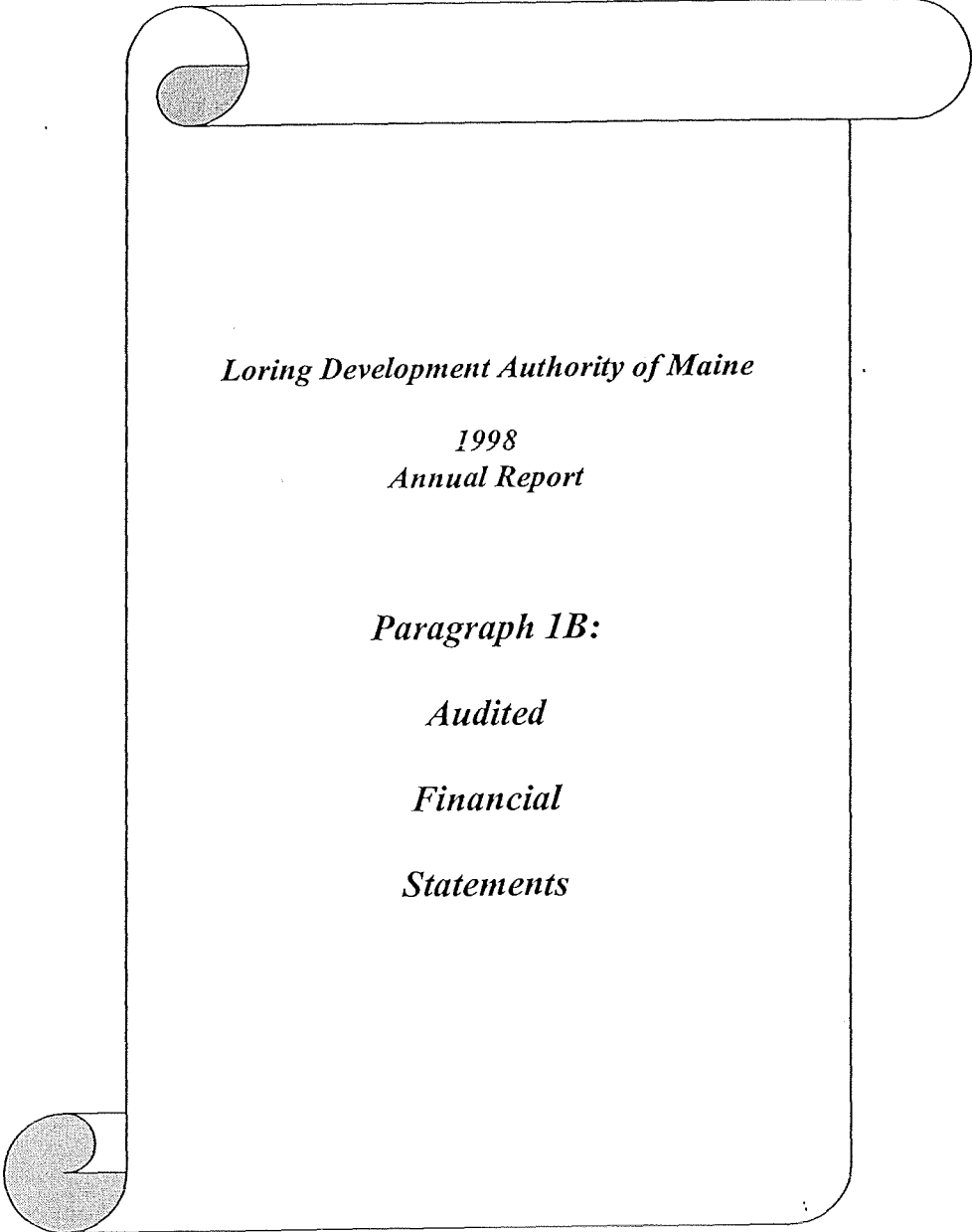
Transfer of Loring's Electrical Distribution System: The LDA Board authorized the sale and transfer of Loring's electrical distribution system to MPS for \$250,000 in an effort to allow MPS to integrate Loring's system into its own and to relieve the LDA of the responsibility of maintaining and upgrading the system.. Previously, the LDA had been paying MPS \$120,000 per year to maintain the system.

Water & Sewer Rates: As approved by the LDA Trustees in May 1997, the LDA formulated water and sewer rates for Loring's tenants in order to partially recover the costs of operating the water and sewer systems.

Telecommunications Issues: Throughout the past several years, the LDA has worked closely with Governor King and a variety of telecommunications providers to enhance our telecommunications capabilities. In June 1998, a press conference was held at the Northern Maine Regional Airport with Governor King and William Leahy, AT&T's State Director of Government Affairs to announce AT&T's decision to locate a Point of Presence (POP) switch in Presque Isle. The POP will improve telecommunications pricing within Aroostook County and allow them to be on a "level playing field" with the rest of the State of Maine. In addition, AT&T will be installing new fiber optic lines and entering into a partnership with Time Warner and Fundy Cable in New Brunswick to create a redundancy line through Canada and back through Calais, Maine.

The LDA Board of Trustees and staff are extremely pleased with the progress realized during fiscal year 1998 and as in the past is proving to the rest of the base closure community and the Federal government that successes are achievable despite location and perception. The transfer of the Loring property was a huge hurdle and opens the door to secure development through the ability to enter into long-term agreements with Loring's tenants. Progress continues into fiscal year 1999 and is reported in "Paragraph 1G - Subsequent Events and Proposed Activities for Fiscal Year 1999."





*Loring Development Authority of Maine*

*1998  
Annual Report*

*Paragraph 1B:*

*Audited*

*Financial*

*Statements*



LORING DEVELOPMENT AUTHORITY OF MAINE

FINANCIAL STATEMENTS

JUNE 30, 1998



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Chester M. Kearney

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To the Board of Trustees of the  
Loring Development Authority of Maine

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general-purpose financial statements of the Loring Development Authority of Maine (LDA), a component unit of the State of Maine, as of and for the year ended June 30, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of LDA's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. The general-purpose financial statements of the LDA as of June 30, 1997, were audited by other auditors whose report dated September 3, 1997 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

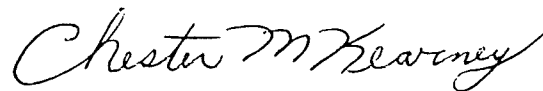
In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the LDA, as of June 30, 1998, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 1998, on our consideration of LDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the LDA, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. The remaining schedules are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. All such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, such information is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

As discussed in Note 8 to the financial statements, in 1998, the LDA changed from an unacceptable method of accounting for payments in lieu of taxes to an acceptable method. The change in accounting principles has been accounted for as a correction of an error and prior year's financial statements have been restated.

A handwritten signature in cursive script that reads "Chester M. Kearney".

Presque Isle, Maine  
August 26, 1998



LORING DEVELOPMENT AUTHORITY OF MAINE

BALANCE SHEETS

JUNE 30, 1998 AND 1997

ASSETS

	1998	1997
CURRENT ASSETS		
Cash (Note 3)	\$ 1,709,852	\$ 1,993,740
Due from federal government	771,082	413,796
Accounts receivable	240,978	65,556
Prepaid insurance	1,603	-
	<u>2,723,515</u>	<u>2,473,092</u>
FIXED ASSETS (Note 2)		
Equipment	90,509	82,162
Less accumulated depreciation	17,587	11,446
	<u>72,922</u>	<u>70,716</u>
TOTAL ASSETS	<u>\$ 2,796,437</u>	<u>\$ 2,543,808</u>

LIABILITIES AND RETAINED EARNINGS

CURRENT LIABILITIES		
Accounts payable	\$ 102,298	\$ 222,651
Accrued expenses (Notes 4 & 5)	178,649	113,691
Deferred revenues (Note 6)	171,936	150,820
Advances from federal government	1,472,595	1,441,330
	<u>1,925,478</u>	<u>1,928,492</u>
RETAINED EARNINGS	<u>870,959</u>	<u>615,316</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 2,796,437</u>	<u>\$ 2,543,808</u>

See notes to financial statements



LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN RETAINED EARNINGS

YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997
REVENUES		
Federal assistance (Note 9)	\$3,518,763	\$3,438,860
State assistance (Note 9)	381,903	383,560
Leases (Note 7)	427,036	375,243
Payments in lieu of taxes (Note 8)	398,204	201,645
Water & sewer fees	10,259	-
Other	171,298	128,001
	<u>4,907,463</u>	<u>4,527,309</u>
EXPENDITURES		
Salaries and benefits	552,546	481,133
Travel	36,272	31,133
Outside contracts and services	25,035	30,156
Legal and audit	20,727	31,320
Marketing	405,406	184,256
Maintenance and utilities	210,074	235,889
Administrative	77,104	53,417
Caretaker	3,324,656	3,229,344
	<u>4,651,820</u>	<u>4,276,648</u>
NET INCOME	255,643	250,661
RETAINED EARNINGS - BEGINNING OF YEAR	<u>615,316</u>	<u>364,655</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 870,959</u>	<u>\$ 615,316</u>

See notes to financial statements



LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 255,643	\$ 250,661
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	6,141	5,973
Changes in assets and liabilities:		
Due from federal government	(357,286)	(257,020)
Accounts receivable	(175,422)	47,421
Prepaid insurance	(1,603)	-
Accounts payable	(120,353)	114,895
Accrued expenses	64,958	(3,725)
Deferred revenues	21,116	150,820
Advances from federal government	31,265	31,991
Total adjustments	(531,184)	90,355
Net cash provided by (used in) operating activities	(275,541)	341,016
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of equipment	(8,347)	(12,311)
Net cash used in capital activities	(8,347)	(12,311)
NET INCREASE (DECREASE) IN CASH	(283,888)	328,705
CASH - BEGINNING OF YEAR	1,993,740	1,665,035
CASH - END OF YEAR	\$1,709,852	\$1,993,740

See notes to financial statements



LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS

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# LORING DEVELOPMENT AUTHORITY OF MAINE

## NOTES TO FINANCIAL STATEMENTS

### (1) HISTORY OF ORGANIZATION

On July 12, 1991, the President of the United States accepted the recommendation of the Base Closure and Realignment Commission to close Loring Air Force Base (Loring) located in the Town of Limestone, Maine, Town of Caswell, Maine, and the City of Caribou, Maine, as well as nine off-site locations used for housing, communications and water distribution. The effective date of closure was September 30, 1994. The Loring base property, which excludes any off-site locations, consists of approximately 8,700 acres of land, 3.1 million square feet of existing facility space and an aviation complex, which includes two 12,100 foot runways, related aviation facilities and operating systems.

On July 13, 1993, the Maine State Legislature enacted Public Law Chapter 474, establishing the Loring Development Authority of Maine (LDA), a public municipal corporation, as the successor to the Loring Readjustment Committee. The LDA is entrusted with investigating the acquisition, development and management of the properties within the geographical boundaries of Loring.

On April 4, 1997, the United States Air Force transferred approximately 3,600 acres of land, associated facilities, infrastructure and personal property to the LDA via the execution of Economic Development Conveyance (EDC) and Lease in Furtherance of Conveyance documents. This EDC document, which is a mechanism used by the Federal government to transfer former military installations to local reuse authorities for job creation and economic development purposes, transferred control of the Loring property to the LDA through a no-cost, 55 year lease, with commitments from the Air Force to transfer title to the property upon receiving environmental clearance from the Environmental Protection Agency. The conveyance documents also include a provision that will provide the LDA with up to \$3 million annually through September 30, 2004 to fund its municipal type functions including, but not limited to, fire and emergency services, police protection, water and waste water systems, electrical distribution, as well as maintenance of buildings, grounds and roadways. Funding beyond September 30, 1999, is contingent upon the LDA meeting the following performance based criteria:

- Continued State of Maine financial assistance through the appropriation process and the Loring Job Increment Financing Fund at a minimum annual level of \$250,000.
- Continuation of the positive job growth trend by creating 1,040 jobs by the year 2000, 1,107 by 2001, 1,174 by 2002, 1,240 by 2003, and 1,307 by 2004.
- Continuation of positive economic growth through the creation of jobs, awarding of contracts and purchases of goods and services.
- Continued funding of the marketing implementation plan, which will demonstrate that the LDA is reaching its target markets through advertising, public relations, direct mail campaigns, trade shows, site visits, etc.



# LORING DEVELOPMENT AUTHORITY OF MAINE

## NOTES TO FINANCIAL STATEMENTS (cont.'d)

### (1) HISTORY OF ORGANIZATION (cont.'d)

-Continued execution of leases and/or sales transactions from the Federal fiscal year ended September 30, 2000 to 2004, by leasing an average 50,000 square feet of facility space per year.

The above noted performance criteria will be evaluated in their entirety as a tool to measure the LDA's progress in its development efforts and the LDA's failure to meet any one specific performance criteria in and of itself will not necessarily result in the elimination and/or reduction of the above referenced funding.

Consistent with the LDA's enabling legislation, as amended, the Board of Trustees is comprised of 13 voting members, which are nominated by the Governor of the State of Maine and of which 12 are confirmed by the Maine Senate. The Governor also designates a commissioner of a department of state government to be a voting, ex-officio member of the Board of Trustees. No less than seven of the Board of Trustees must be residents of Aroostook County and be nominated by one of the primary impacted communities, as defined in the enabling legislation. In addition, no less than four of the Board of Trustees must live outside of Aroostook County. The enabling legislation also imposes term limits on the Board of Trustees of two consecutive four-year terms. The Board of Trustees have elected a Chair, Vice-Chair, Secretary and Treasurer to serve terms of one year. The fiscal year for the LDA runs from July 1 through June 30. The financial information of the LDA is reported as a component unit as part of the financial statements of the State of Maine.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The LDA prepares its financial statements on the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when earned and measurable and expenses are recognized when incurred and measurable.

Vehicles and office equipment are stated at cost in the accompanying financial statements. Depreciation is provided by the straight-line method to amortize the original cost of the assets over their estimated useful lives of five years for equipment and three years for vehicles.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.



LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont.'d)

(3) CASH

The LDA deposits at year-end were covered by Federal Depository Insurance Corporation (FDIC), a deposit account collateral pledge agreement, and a Maine Public Deposit Guarantee Bond.

The LDA's cash balances in the financial statements are \$1,709,852 and \$1,993,740 as of June 30, 1998 and June 30, 1997, respectively.

The LDA's cash is categorized to give an indication of the level of risk assumed by the LDA at year end. These categories are defined as follows:

- Category #1 - Insured or collateralized with securities held by the LDA or by its agency in the LDA's name.
- Category #2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the LDA's name.
- Category #3 - Uncollateralized, which includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the LDA's name.

The LDA's bank balance at June 30, 1998 is \$1,945,614 and is classified as follows:  
Category 1 - \$1,600,000 and Category 2 - \$345,614.

At June 30, 1997, the LDA's bank balance was \$2,047,968 and was classified as follows:  
Category 1 - \$2,000,000 and Category 2 - \$47,968.

(4) COMPENSATED ABSENCES

LDA employees are granted vacation and sick leave in varying amounts. Upon termination, an employee is paid the full amount of accumulated vacation days not taken. Sick leave is not payable upon termination.

The LDA's financial liability at June 30, 1998 is \$27,711.

(5) PENSION PLAN

The LDA has instituted a Model Simplified Employee Pension Plan for all eligible LDA employees in accordance with Section 408(K) of the Internal Revenue Code. All LDA contributions to the employee's individual retirement account is 100% vested to the employee on the date of the contribution. Employee contributions to the plan are discretionary, subject to Internal Revenue Code limitations. Employer contributions to the plan, at 5% of regular gross wages, totaled \$46,778 and \$43,277 for the years ended June 30, 1998 and June 30, 1997, respectively.



LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont.'d)

(6) DEFERRED REVENUE

The LDA received advances of payments in lieu of taxes (PILOT), and cash advances associated with an outdoor concert that was held in August of 1998 and 1997, which have been characterized as deferred revenue in the accompanying balance sheets.

(7) RENTAL OF FACILITIES

The LDA has subleased land and buildings at Loring to various third parties for the use of such property with varying terms and conditions.

(8) PAYMENTS IN LIEU OF TAXES

The LDA assesses a PILOT fee to all entities that occupy facilities at Loring. This PILOT fee, which is currently based on an annual rate of \$.50 per square foot of occupied facility space, is assessed to offset the LDA's cost of providing fire and emergency service protection, police protection, and general roadway maintenance. Total PILOT fees assessed for the years ending June 30, 1998 and June 30, 1997 were \$398,204 and \$201,645, respectively.

The June 30, 1997 financial statements reflected PILOT fees on the basis of cash receipts. Because the LDA reports on the full accrual basis of accounting, the financial statements for the year ended June 30, 1997 have been restated accordingly. The net effect of this restatement decreased PILOT fees in 1997 by \$132,059 and increased Deferred Revenues by the same amount. Consequently, net income for June 30, 1997 was restated from \$382,720 to \$250,661 to obtain comparability and consistently in application of accounting principles between the reported years.

(9) PUBLIC SECTOR FUNDING

The LDA is currently funded through the following public sources:

(A) State of Maine - The State approved appropriations of \$326,026 for fiscal year ended June 30, 1998, and \$326,026 for fiscal year ended June 30, 1999. These funds are to be used to defray operating expenses, to support development of the reuse strategy and to use as match funds to obtain federal and other grants.

Tax Increment Financing - On July 5, 1996, the State Legislature enacted LD 1741 establishing the Loring Job Increment Financing Fund (Fund). The Fund, which has a term of twenty years, was created to establish a supplemental source of funding to subsidize future municipal service costs. This Fund will receive state income tax withholding revenues which can be attributed to incremental jobs created at Loring and will be based upon 50% of the State income tax withholding from these incremental jobs. State contributions to the Fund will be made on an annual basis and are payable by July 31 of each year, with the first deposit required to be made by July 31, 1998. The LDA has recorded a receivable of \$55,877 in connection with the payment that is due on July 31, 1998.



LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont.'d)

(9) PUBLIC SECTOR FUNDING (cont.'d)

(B) Office of Economic Adjustment (OEA) - OEA has awarded a variety of grants to the LDA to provide operational funding, with the most recent operational grant expiring on September 30, 1997. Total funding earned by the LDA through these grants for the periods ended June 30, 1998 and June 30, 1997 was \$113,506 and \$449,207 respectively.

(C) Air Force Base Conversion Agency (AFBCA) - Pursuant to the terms of the EDC property transfer on April 4, 1997, the LDA will continue to receive protection and maintenance funding from AFBCA through September 30, 2004 of up to \$3 million per year, which is negotiated annually. This funding is for, among other things, the operation of the water, sewer and electrical distribution systems, fire, emergency and police protection, and protection and maintenance of the buildings, grounds, and roadway systems. Total funding for the periods ending June 30, 1998 and June 30, 1997 was \$3,011,258 and \$2,851,341, respectively.

(D) Economic Development Administration (EDA) - In April 1995, EDA awarded a grant to the Northern Maine Development Commission (NMDC), in the amount of \$677,000, to provide technical assistance for Aroostook County business retention and marketing. In October 1995, this grant award was increased to \$977,000, with the \$300,000 increase designated to LDA for technical assistance in marketing of Loring property. Subsequently, a subgrant agreement was executed between the LDA and NMDC to provide such funding through March 31, 1998. Total funding earned by the LDA through this subgrant agreement for the periods ended June 30, 1998 and June 30, 1997 was \$151,995 and \$136,447, respectively.

In September of 1997, the LDA was awarded a \$1,000,000 grant to cover operational costs for the period of September 1, 1997 to September 30, 2000. The LDA must match this grant with \$250,000 for a total project cost of \$1,250,000. As of June 30, 1998, the LDA realized revenues of \$240,444 with respect to this grant.

On June 19, 1998, the LDA was awarded a \$1,500,000 grant to cover demolition costs for the three (3) year period of June 19, 1998 to June 18, 2001. The LDA must match this grant with \$500,000 of marketing related funding for a total project cost of \$2,000,000.

(E) Environmental Protection Agency (EPA) - On October 1, 1996, the LDA entered into a \$75,000 grant agreement with EPA for the purpose of developing an educational outreach program to alleviate perceived concerns associated with development on a superfund hazardous waste site. Total funding earned by the LDA through this grant for the periods ended June 30, 1998 and June 30, 1997 totaled \$1,307 and \$1,865, respectively.



LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont.'d)

(10) YEAR 2000 ISSUE

The LDA continues to review the current status of its exposure to the Year 2000 computer issue. After analysis of this issue, the management of the LDA does not anticipate that the transition to the 21st Century will have any material impact on the LDA's operations.

(11) CONCENTRATION OF RISK - FEDERAL/STATE FUNDING

The LDA receives over 79% of its operating revenue from federal and state funding. The ability to continue its operations is dependent on continued funding. The LDA does not currently anticipate reductions in its federal and state funding.



## ADDITIONAL REPORTS





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To the Board of Trustees of the  
Loring Development Authority of Maine

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL-  
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of Loring Development Authority (LDA) of Maine, a component unit of the State of Maine, as of and for the year ended June 30, 1998, and have issued our report thereon dated August 26, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

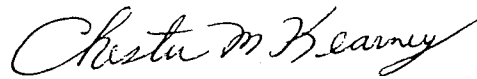
As part of obtaining reasonable assurance about whether LDA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LDA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



This report is intended for the information of the LDA's Board of Trustees, LDA management, federal and state awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script, reading "Chester M. Kearney". The signature is written in dark ink and is positioned in the upper right quadrant of the page.

Presque Isle, Maine  
August 26, 1998





Chester M. Kearney

Certified Public Accountants

12 Dyer Street, Presque Isle, Maine 04769-1550  
207-764-3171

Harley W. York, Jr., CPA  
Steve E. Bird, CPA  
Herman Belanger, CPA  
Paul J. Callnan, CPA

To the Board of Trustees of the  
Loring Development Authority of Maine

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

Compliance

We have audited the compliance of Loring Development Authority (LDA) of Maine, a component unit of the State of Maine, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1998. Loring Development Authority of Maine's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of LDA's management. Our responsibility is to express an opinion on LDA's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about LDA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of LDA's compliance with those requirements.

In our opinion, LDA complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1998.

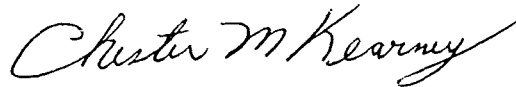


## Internal Control Over Compliance

The management of LDA is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered LDA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the LDA Board of Trustees, LDA management, federal and state awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Presque Isle, Maine  
August 26, 1998



## SUPPLEMENTARY INFORMATION



LORING DEVELOPMENT AUTHORITY OF MAINE

SCHEDULE OF CARETAKER GRANT EXPENSES

YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Emergency Response	\$ 660,011	\$ 664,933
Utilities	1,379,983	1,170,221
Public Works	383,205	402,135
Facility Maintenance	568,126	567,085
Administrative Support	282,186	276,765
Safety & Environment	13,329	128,296
Insurance	37,816	19,909
	<u>\$3,324,656</u>	<u>\$3,229,344</u>

See notes to financial statements



LORING DEVELOPMENT AUTHORITY OF MAINE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 1998

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AWARD AMOUNT	REVENUE RECOGNIZED	EXPENDITURES
U.S. DEPARTMENT OF DEFENSE				
Air Force Base Conversion Agency				
Base Caretaker Cooperative Annual Grant #4	N/A	\$ 2,799,000	\$ 1,902,029	\$ 1,902,029
Base Caretaker Cooperative Annual Grant #3	N/A	2,998,232	1,109,228	1,109,228
			<u>3,011,257</u>	<u>3,011,257</u>
Office of Economic Adjustment				
CL 9203-96-08	N/A	476,874	104,815	104,815
CL 9203-95-07	N/A	644,875	8,691	8,691
			<u>113,506</u>	<u>113,506</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>3,124,763</u>	<u>3,124,763</u>
U.S. DEPARTMENT OF COMMERCE				
Economic Development Administration				
Economic Adjustment Defense Long Term				
Economic Deterioration Implementation Grant				
# 01-49-03696	N/A	1,000,000	240,444	240,444
Demolition of Barracks/Marketing Activities				
Loring Air Force Base # 01-49-03735	N/A	1,500,000	254	254
Passed through the Northern Maine Development				
Commission: Marketing Grant # 01-49-03421	N/A	300,000	151,995	151,995
TOTAL U.S. DEPARTMENT OF COMMERCE			<u>392,693</u>	<u>392,693</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Office of Administration and Resource Management				
MM 991838-01-0	N/A	75,000	1,307	1,307
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 3,518,763</u>

\* Major Program

See notes to financial statements



LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 1998

BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of Loring Development Authority of Maine and is presented on the full accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



LORING DEVELOPMENT AUTHORITY OF MAINE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 1998

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? None
- Reportable conditions identified that are not considered to be material weaknesses?  
None
- Noncompliance material to financial statements noted? None

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? None
- Reportable conditions identified that are not considered to be material weaknesses?  
None

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? None

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
	U.S. Department of Commerce
N/A - # 01-49-03696	Economic Deterioration Implementation Grant
N/A - # 01-49-03735	Demolition of Barracks/Marketing Activities
N/A - # 01-49-03421	Marketing Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Audit qualified as low-risk audit? Yes

SECTION II - FINANCIAL STATEMENT FINDINGS AND

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings reported for the year ended June 30, 1997 that required follow-up in the June 30, 1998 report. There are no audit findings for the year ended June 30, 1998.



*Loring Development Authority of Maine*

*1998  
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*Paragraph 1C:  
Property Transactions  
During  
Fiscal Year  
1998*



**Loring Development Authority of Maine**  
**Paragraph 1C: Property Transactions During Fiscal Year 1998**  
**July 1, 1997 through June 30, 1998**

With the ability to enter into long-term real estate transactions with private sector employers following the transfer of the Loring property to the LDA in April 1997, combined with the financial incentives offered through local and State programs, the following leases and renewals were executed during fiscal year 1998:

- On July 1, 1997, a lease agreement was signed with Dehondt Technologies, a French manufacturer, for the storage of flax scutching equipment and office space, with the intent to operate a scutching mill at Loring in the near future.
- In August 1997, the LDA Board approved a lease agreement with the Maine Army National Guard to operate a 65,000 square foot vehicle refurbishment center at Loring. Operational activities commenced in September and initial employment projections are between 25 and 40 employees, most of which will be locally hired civilians. If the center is successful, it could be selected as a Center of Excellence, with an increased workload and potential to double its employment levels.
- On September 25, 1997, an agreement was reached with the owner of the Caribou Inn & Convention Center to operate a 15,000 square foot fitness center at Loring, which opened for business on November 1, 1997. The facility includes a multi-purpose gymnasium, three racquetball courts, two exercise rooms with aerobic equipment, Nautilus and free weights, as well as locker rooms and office space.
- On November 10, 1997, a lease agreement was executed with Sitel Corporation of Omaha, Nebraska, to operate a 48,000 square foot insurance services call center, initially employing 350 people, with a possibility of expanding to 500 employees.
- On June 1, 1998, a lease agreement was executed with Speedling, Inc., a Sun City, Florida-based company to occupy 9,900 square feet for use as a pilot project involving the evaluation of strawberry and broccoli seedling transplant production.
- On June 1, 1998, a lease agreement was executed with the Aroostook Emergency Management Agency for the use of 3,200 square feet to operate Aroostook County's Emergency Operations Center, employing two people.

Lease renewals were executed with the following entities:

- Limestone Country Club and County Club Townhomes
- County Bowling Lanes
- Malabear Lake Recreational Area
- Haven Inn
- MacDonald Enterprises
- Beauty Unlimited
- Lease renewals for the individual housing units were executed with residents at various times throughout the fiscal year depending upon original lease dates.



*Loring Development Authority of Maine*

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*Paragraph 1D:*

*Activities of Any Special*

*Utility District Formed*

*Under Section 13080-G*

*NONE*



*Loring Development Authority of Maine*

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*Paragraph 1E:*

*Listing of Property*

*Aquired by*

*Eminent Domain*

*Under Section 13080-G*

*NONE*



*Loring Development Authority of Maine*

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*Paragraph 1F:*

*Listing of Bonds*

*Issued During*

*Fiscal Year*

*1998*

*NONE*



A decorative scroll frame with a horizontal top bar and a vertical right bar. The left side features two large, overlapping scroll-like shapes, one at the top and one at the bottom, both filled with a grey stippled pattern.

*Loring Development Authority of Maine*

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*Paragraph 1G:  
Subsequent Events  
And  
Proposed Activities  
For  
Fiscal Year  
1999*



**Loring Development Authority of Maine  
Paragraph 1G: Subsequent Events (Through September 30, 1998)  
and Proposed Activities for Fiscal Year 1999  
July 1, 1998 through June 30, 1999**

**Subsequent Events (July 1, 1998 through September 30, 1998)**

Subsequent to the end of fiscal year 1998, many exciting events took place at the Loring Commerce Centre! A summary of the LDA's growth and activities between July 1, 1998 and September 30, 1998 is provided below.

**Fiscal Year 1999 Goals:**

Consistent with the goals established by the LDA Board of Trustees for fiscal year 1998, goals for fiscal year 1999 are also based upon job creation and facility absorption. Based upon successful results of the LDA's sales and marketing efforts, by June 30, 1999, expected employment levels at Loring are 973, with a minimum of 50,000 square feet of additional facility space absorbed.

**Marketing Efforts**

The LDA continued its aggressive sales and marketing program for the period July 1, 1998 through September 30, 1998 through its attendance at trade shows and conferences, advertising, public relations and prospect follow-up activities. During the period, the LDA placed advertisements in the following publications:

- Pulp & Paper Magazine
- Inc. Magazine - September 1998
- U.S. Sites & Development Magazine - July, August & September 1998
- Business Facilities Magazine - July 1998
- Export Today Magazine - September 1998
- Atlantic Progress Magazine - August 1998
- Expansion Management Magazine - September 1998
- Northern Maine Technical College, Bangor Daily News Insert - September 1998

LDA staff also participated in the following trade shows and conferences during the same period:

- August 19-24, 1998 - International Woodworking Machinery & Supply Fair in Atlanta, GA
- August 25-29, 1998 - Wood Products & Technology '98 Exhibition in Goteberg, Sweden
- September 7-12, 1998 - Farnborough International '98 in Farnborough, England
- September 18-20, 1998 - Maine County Commissioner's Association Annual Meeting & Exhibition in Caribou, ME
- Woodtech '98 in Vancouver, British Columbia

**Funding**

Caretaker Cooperative Agreement Funding: On September 30, 1998, the Air Force Base Conversion Agency awarded the LDA Year 5 operational funding for the Caretaker Cooperative Agreement in the amount of \$2,695,000.



State of Maine Appropriation: In July 1998, the LDA received its second installment of State appropriation funding in the amount of \$326,026.

**Tenants & Activities:**

The following is a summary of tenant activity subsequent to June 30, 1998:

On July 1, 1998, a lease agreement was executed with Cary Medical Center for the use of 2,000 square feet for the purpose of operating a health clinic at Loring.

On July 21, 1998, Governor Angus S. King, Jr. visited Loring in conjunction with several events. Governor King met with representatives of the United States Biathlon Association and the Libra Foundation to discuss the feasibility of establishing a US Winter Olympic training site at Loring and the surrounding area, attended Maine Public Service Company's monthly Board meeting held at Loring, attended a wetlands restoration dedication ceremony connected with Loring's environmental restoration project attended by DEP Commissioner Edward Sullivan, and toured the Maine Army National Guard Rebuild Center with Adjutant General Earl Adams (participating in the presentation of a Purple Heart to the family of a WWII veteran) and Sitel Insurance Services.

Maine Wood Flooring, LLC: On August 26, 1998, the LDA executed a lease agreement with Maine Wood Flooring, LCC (MWF) to occupy a 114,000 square foot former warehouse. MWF, whose parent company is Maine Woods Company, a subsidiary of Seven Islands Land Company, will be operated in conjunction with a state-of-the-art sawmill operation being constructed in Portage, Maine. The manufacturing plant at Loring will be a flooring plant and employ between 60 and 100 employees and is expected to become operational in the summer of 1999.

Sitel Corporation - Update: At the end of September 1998, Sitel Corporation employed 161 employees at Loring and has recently been authorized to hire an additional 120 employees. Their productivity has increased considerably and they are currently averaging 900 sales per day! The center currently ranks first in the lowest turnover rate and fifth in productivity out of all of Sitel's centers worldwide and is a testimony to the dedicated and skilled workforce in Aroostook County!

Maine Army National Guard (MEARNG Loring Center of Excellence): The MEARNG Center at Loring employed 46 people by the end of September 1998 and has an annual payroll of \$1.4 million. They currently have three (3) contracts: 1) converting 750 Army ambulances to HMMWVs; 2) refurbishment of 54 5-ton vehicles for the New Jersey National Guard; and 3) refurbishment of five (5) D7 dozers. The Loring Center spends approximately \$30,000 per month locally for parts and supplies and another \$20,000 per month in operating expenses. The quality and cost of their product supercedes any other refurbishment center in the country and MEARNG is in hopes of expanding the facility to accommodate up to 100 employees.

United States Biathlon Association (USBA) Visit: Representatives of the USBA have visited Loring and the surrounding communities on several occasions throughout the past several months and continue to pursue establishing an Olympic training center. They are particularly interested in the area because of its consistent winter snow cover, the facilities available at Loring and the strong ties with the sport that the area has through its Scandinavian heritage. It is worth noting that LL Bean is the corporate sponsor for the USBA and is heavily involved in the project.

Lemonwheel: The Loring Commerce Centre hosted a three day outdoor repeat summer performance by the internationally recognized musical group Phish on Loring's airfield complex on August 15-17, 1998. Total attendance exceeded 60,000 and once again ticket sales were from every corner of the U.S. Once



again, to date the event is the largest grossing concert by any group in the United States for 1998 and press coverage more than doubled that of last year's event! Lemonwheel was reported in over 760 articles contained in 493 publications in the United States, Canada, Puerto Rico and the Virgin Islands. These publications were located in 453 cities and 48 American states! Economic benefits from this event were felt statewide, with between \$17 and \$25 million injected into the local and state economies. The involvement of local non-profits groups in food vending for the event doubled, the community was much better prepared than the prior year and by an overwhelming consensus of the band, the promoters, law enforcement and the community, the event was a tremendous success!

International Sourcing, Inc. (ISI): The LDA Board authorized a lease agreement with ISI to occupy Building #8430 (4,824 square feet) to operate a wholesale equipment and parts business. This lease contains a provision for ISI to purchase the building when title becomes available.

Dehondt Technologies - Storage: Although the LDA currently has a lease agreement with Dehondt Technologies for office space, the company has recently purchased a large quantity of raw material and equipment for which it needs suitable storage space. The LDA Trustees approved the lease of Buildings #8629 and 8634 (former nose dock hangars) for a revised lease of 30,071 square footage. It is still the intent of Dehondt to operate a flax scutching mill at Loring.

Telecommunications Infrastructure Sale: At the September 1998 Board meeting, the LDA Trustees approved the transfer of Loring's telecommunications infrastructure to Bell Atlantic in return for Bell Atlantic maintaining and upgrading the system.

County Bowling Lanes: The LDA executed a one-year lease extension with County Bowling lanes d/b/a Evergreen Lanes through July 31, 1999. As of the end of September, Evergreen Lanes employed 15 people at Loring.

U.S. Fish & Wildlife (USF&W): On September 30, 1998, a transfer of approximately 3,900 acres of land of Loring property was transferred from the US Air Force to USF&W in Washington, DC. This significant milestone occurred after many years of negotiation and will benefit Maine's tourism industry by providing a wildlife sanctuary. An on-site Assistant Refuge Manager has been hired and is temporarily situated in the LDA office building while building renovations to the Visitor's Center take place.

As a testament to the LDA continuing to work with local municipalities, agreements were signed with the Town of Limestone to provide on-site police coverage for Loring, with the City of Caribou to provide an on-site ambulance staffed by Loring Fire Department personnel and a long-term agreement was signed with Tri-Community Landfill.

Employment/Tenant Activity: As of September 30, 1998, there are 20 businesses located at the Loring Commerce Centre. Post base closure activity indicates 681 people are employed, and 108 DFAS dependents and 333 Job Corps students are living at Loring, for a total of 1,122 people working and living at Loring. These figures do not include the approximate 150 people employed by various agencies involved in the development and cleanup efforts at Loring (i.e., LDA, AFBCA, subcontractors, etc.). In addition, 1,085,096 square feet of facility space, or 34% of the total, and 4,231 acres of land, or 49% of the total, has been committed to, resulting in the creation of 1,272 incremental jobs.



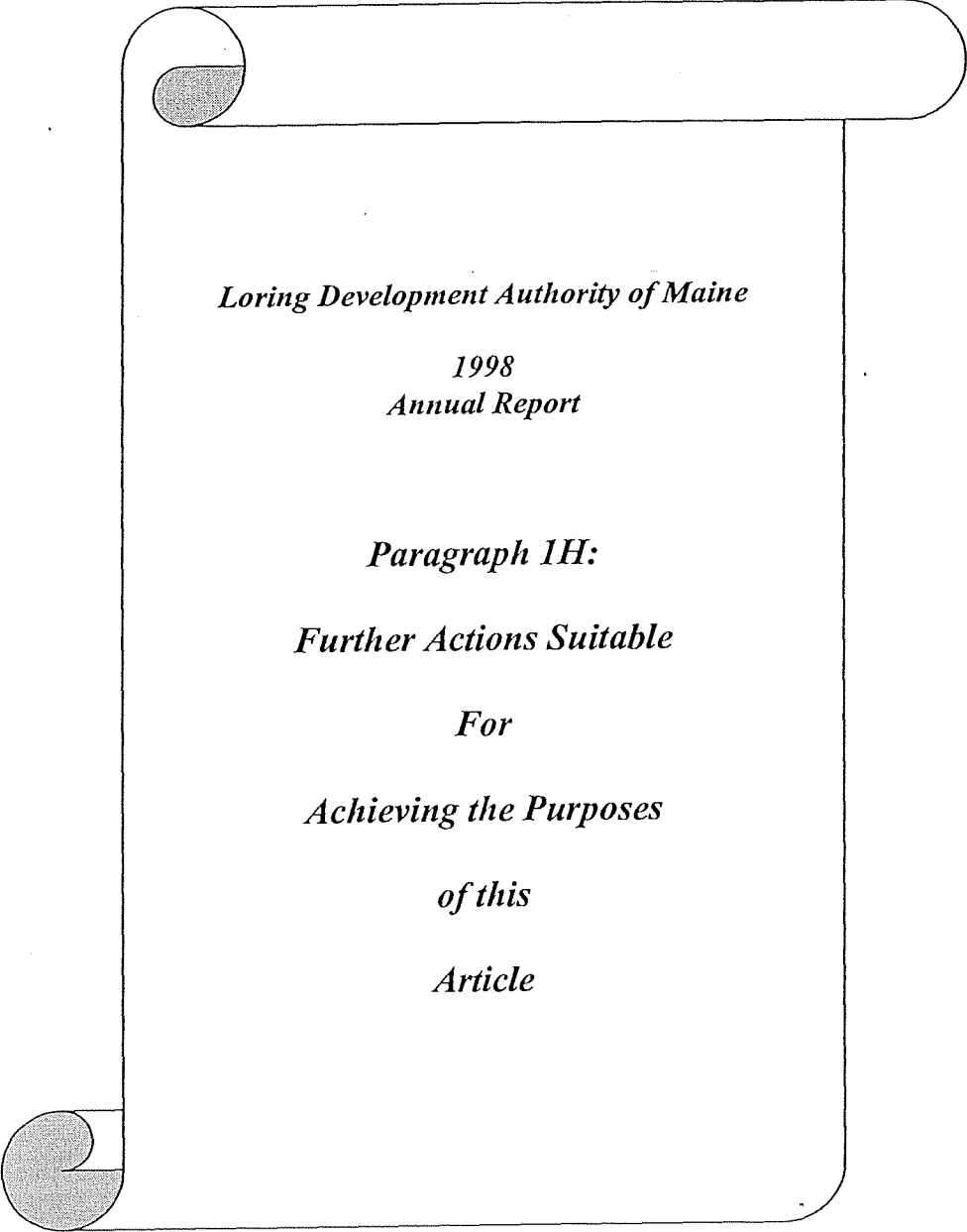
### **Proposed and Projected Activities for Fiscal Year 1999**

As it was last year, the major focus of the coming year will be job creation and facility absorption, with an emphasis on TEAMWORK. From the highly visible public outreach of the LDA's Development team to the dedication of the grounds and building maintenance workers, it is this teamwork attitude and spirit of cooperation that is making the dream of successful redevelopment a reality. Looking forward, lease transactions will be made for longer commitments, as Loring's current and future tenants believe that the LDA is here for the long haul! As the Air Force has the ability to convey title to the property, long-term commitments will become even easier to attain and the closer the Authority will become to being a self-sustaining organization.

In early October 1998, the Northern Maine Development Commission (NMDC), on behalf of Aroostook County communities, will submit an empowerment zone application to the Federal government under the out-migration of population criteria. If awarded this empowerment zone status, Aroostook County could be the beneficiary of \$40 million of funding over a 10-year period that can be used for a variety of community development projects. The submission of this application was a culmination of efforts by a host of citizens from throughout the County that ultimately reached consensus and provided direction to NMDC to incorporate in the application process. LDA staff participated in these community catalyst forums and was extremely impressed with the results of the process. Although Loring is not within the empowerment zone boundaries, 1,300 acres of Loring has been designated as a developable site in connection with the empowerment zone process, and therefore projects at Loring will be eligible for funding. It is expected that a decision will be reached by the Federal government in December 1998.

The LDA will relentlessly continue to "sell" the attributes of doing business in Maine and locating to the Loring Commerce Centre in partnership with Maine's economic development initiatives. Continued funding for the LDA's operations, facility maintenance and marketing program remains a vital component to achieving our vision for the future, and all our State, Federal and private funding sources continue to play a significant part in our efforts. The continuation of the national and international marketing program and persistent follow-up are extremely important and of which significant staff time will be dedicated to. The job creation and facility absorption goals are attainable through the LDA's team approach to redevelopment and continued partnering with its supporting agencies.





*Loring Development Authority of Maine*

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*Paragraph 1H:  
Further Actions Suitable  
For  
Achieving the Purposes  
of this  
Article*



**Loring Development Authority of Maine**  
**Paragraph 1H: Further Actions Suitable for Achieving Purposes of this Article**  
**July 1, 1998 through June 30, 1999**

While the LDA feels that it has made tremendous progress and measurable recovery from the economic loss experienced when the military left Loring, it is still a challenge to convince the general public that it takes significant time and funding to achieve success. We continue to struggle with the barriers of the "Two Maine" concept and strive for continued community and State input, commitment and unity. Our successes are ultimately everyone's and with a continued investment in strong public relations and marketing efforts, combined with continued improvements in transportation infrastructure, education, taxes and workforce development, Maine can be on the radar screen of every corporate CEO and site location consultant in the country.

The LDA's operational and marketing funding from Federal sources has been significantly reduced over the past year and will continue to decline in the next biennial period, and it is imperative more than ever that the State of Maine continue its commitment to Loring and the residents of northern Maine through its moral and financial support. The facts are, we are a small rural State with limited financial resources, which in most cases makes it difficult, but not impossible, to compete. Although it takes considerable time, effort and money to create brand recognition and develop relationships with individuals that can affect site location decisions, and it can be frustrating not to have tangible results to point to during the early stages of the marketing implementation program, it is imperative that we stay the course and be persistent and consistent in our marketing approach. Over time, our collective patience will pay attractive dividends. Persistence, patience and a driving desire to make our State shine above all others will result in a continued quality of life and security for ourselves and for our children.



*Loring Development Authority of Maine*

*1998  
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*Attachments*

- ◆ *Loring Development Authority Board of Trustees*
- ◆ *Loring Development Authority Development Staff*
- ◆ *Employment/Tenant Status Report as of September 30, 1998*
- ◆ *Loring Commerce Centre Milestones*



## **Loring Development Authority of Maine Board of Trustees**

The Loring Development Authority is represented by a thirteen member volunteer Board of Trustees (one of which is a commissioner of State government designated by the Governor and serves as a voting, ex-officio member) who are nominated by the Governor and confirmed by the State Senate. Seven of the appointees confirmed are required to be from Aroostook County and nominated by the primary impacted communities surrounding Loring, while four of the appointees are required to live outside of Aroostook County.

**Chairman Brian E. Thibeau** is a resident of Hampden and Executive Director of Downeast Orthopedic Associates in Bangor.

**Vice Chairman Albert L. Watt** is a resident of Sinclair and Superintendent of the Limestone School Department.

**Secretary Lyndel J. Wishcamper** is a resident of Freeport and owner of several companies dealing with the development and management, as well as the purchase and sale of real estate.

**Treasurer Daniel R. LaPointe** is a resident of Van Buren and is the Economic Development Director of the Town of Van Buren.

**Paul R. Cariani** is a resident of Presque Isle and President of Maine Public Service Company, a local utility provider.

**Dana F. Connors** is a resident of East Winthrop and President of the Maine Chamber and Business Alliance and Maine & Company.

**Steven Levesque** is a resident of Farmingdale and Acting Commissioner of the State Department of Economic and Community Development.

**Anne B. Pringle** is a resident of Portland, a former banking executive of Maine Savings Bank and former mayor and city councilor of the City of Portland.

**Elizabeth B. Reuthe** is a resident of Vassalboro and sole proprietor of Elizabeth B. Reuthe Associates, a private consulting firm.

**Philip J. St. Peter** is a resident of Caribou and is actively involved in real estate, contracting and banking ventures within the community.

**Arthur H. Thompson** is a resident of Limestone and sole proprietor of Thompson Associates, a full service financial planning company located in Presque Isle.

**Robert D. Umphrey** is a resident of Presque Isle and President of Northeast Packaging Company, a manufacturer of paper and polyethylene packaging products.

*One seat from Aroostook County is vacant on the LDA Board of Trustees pending an appointment by Governor King.*







## **Loring Development Authority of Maine Development Staff**

**President & CEO Brian N. Hamel** provides executive oversight for the day-to-day operations of the LDA and serves at the pleasure of the LDA Board of Trustees. The LDA's primary mission, and thus that of the President, is job creation, facility absorption and the resulting positive economic impact on the local, regional and State economies.

**Vice President & General Counsel Carl W. Flora** serves as second-in-command serves the LDA as second-in-command and is responsible for the day-to-day operations of the LDA. Mr. Flora also serves as the LDA's in-house legal counsel and manages the LDA's external legal counsel.

**Director of Finance and Administration Frank F. Goade** is responsible for the development and administration of the LDA's operations and municipal-type computerized accounting control and financial reporting system, as well as all administrative functions.

**Manager of Real Property and Human Resources Patricia A. Zenzius** is responsible for the administration and management of real and personal property, and is also involved in all aspects of the LDA's human resources functions (i.e.: benefits, insurance, payroll).

**Assistant to the President and Public Relations Manager Mary A. Walton** is responsible for coordinating the activities of the President, grant writing, administration and reporting, and public relations and special events coordinator for the organization.

**Manager of Sales and Marketing Robert J. Rocheleau** is responsible for the management and coordination of sales and marketing activities, which involves representing the LDA at various trade shows and conferences related to the marketing of the facility to the private sector.

**Marketing Assistant Diane M. Martin** is responsible for assisting with the administration and marketing activities of the LDA, which includes creation and placement of advertising, maintaining contact files and distributing and developing marketing information.

**Administrative Assistant Brenda J. Cote** is responsible for clerical and administrative duties primarily for the Director of Finance & Administration, assembling of various reports, and invoice processing and payment.

**Receptionist Lori L. Loggans** is the first point of contact as the LDA's receptionist, which includes greeting, via telephone or in person, inquiries from the general public, the media, potential prospects, tenants, suppliers, etc, and provides administrative support for the LDA staff.







LORING DEVELOPMENT AUTHORITY  
MONTHLY EMPLOYMENT/TENANT ACTIVITY REPORT  
AS OF SEPTEMBER 30, 1998

DEVELOPMENT ACTIVITIES

REUSE ACTIVITY	TYPE	JOBS/RESIDENTS			PROPERTY ABSORBED	
		Prior Month	Current	Projected	Bldg SF	Acreage
PRIVATE SECTOR						
Aroostook County EMA	Service	2	2	2	3,184	0.5
Beauty Unlimited	Service	2	1	2	1,900	1
Loring Health Center (Cary)	Health Care	0	0	5	2,000	0.5
County Bowling Lanes	Recreation	13	15	15	19,844	2
DeHondt Technologies	Storage	4	1	4	30,071	1
Haven Inn	Hotel	10	10	11	21,995	3
Limestone Country Club	Recreation	6	6	11	52,908	125
Loring Fitness Center	Recreation	4	4	4	15,000	2
MacDonald Enterprises	Manufacturing	10	9	10	16,900	2
Maine Woods (Optioned)	Manufacturing	0	0	100	119,115	2
Malabeam Recreational Area	Recreation	5	2	5	622	74
Onix Corp (Lincensed)	Manufacturing	1	1	1	7,000	0.5
PHISH	Storage	0	0	0	56,077	1
Sitel Insurance Services	Call Center	137	161	350	47,783	12
Speedling Incorporated	Agricultural	4	15	15	9,900	2
WeeCare DayCare	Service	2	1	3	6,817	2
TOTAL:		200	228	538	411,116	230.5
PUBLIC SECTOR						
DFAS	Office	291	291	550	142,400	15
Maine Army National Guard	Vehicle Refurbishment	46	46	50	69,692	14
TDC (Loring Job Corps Center)	Educational/Office	114	115	131	270,222	42
US Fish & Wildlife	Wildlife Refuge	1	1	3	8,600	3,886
TOTAL:		452	453	734	490,914	3,957
LDA-Caretaker-Subcontractors	Development	54	54	54		
TOTAL EMPLOYMENT:		706	735	1,326		
RESIDENTIAL						
DFAS	Dependents	104	108	125	183,066	43
Job Corps	Students	325	333	390		
TOTAL RESIDENTIAL:		429	441	515		
GRAND TOTAL		1,135	1,176	1,841	1,085,096	4,231
Total Available Space:					3,220,126	8,702
% Committed					34%	49%

NOTE: Above figures do not include the people employed by various agencies involved in the Air Force's environmental cleanup and property transfer at Loring.







## Loring Commerce Centre Milestones

- *February 25, 1953* - 42 Bombardment Wing (Heavy) is reactivated at Loring with B-36 Peacemaker bombers assigned.
- *July 12, 1991* - List of military bases, including Loring, recommended for closure by the Base Realignment and Closure (BRAC) Committee accepted by the President and submitted to Congress.
- *July 13, 1993* - An Act to Establish a Development Authority for Loring Air Force Base is signed by the Governor, and becomes law, thus ensuring an initial appropriation of \$250,000 to the LDA.
- *November 3, 1993* - An eleven member volunteer board, confirmed by the Governor, are sworn in as the Loring Development Authority Board of Trustees.
- *January 1994* - The LDA establishes its offices at Loring Air Force Base.
- *March 10, 1994* - Labor Secretary Robert Reich announces that Loring has been selected for a Job Corps site, creating 125-150 jobs and housing approximately 380 students.
- *May 3, 1994* - Deputy Secretary of Defense John Deutsch announces that Loring has been selected for a Defense Finance and Accounting Service center, creating 550 jobs.
- *June 13, 1994* - The LDA hires Brian N. Hamel as its first President. Operations staff includes: President, Vice President, Director of Finance and Administration, Manager of Property and Human Resources, Manager of Sales and Marketing, Manager of Special Projects & Communications, Marketing and Administrative Assistant and Secretary/Receptionist.
- *September 21, 1994* - The LDA enters into a contract with RKG Associates, Inc., to refine Loring's redevelopment plan. Adoption of the final Plan is expected in June 1995.
- *September 30, 1994* - Loring Air Force Base ceases to be an active military installation and control of the property is transferred to the Air Force Base Conversion Agency pending completion of a reuse plan, the completion of a final Environmental Impact Statement, a Record of Decision from the Air Force and the formal transfer of the property from the Air Force to the LDA.
- *September 1994* - The Loring Development Authority enters into a Caretaker Cooperative Agreement with the Air Force Base Conversion Agency, an initial \$4.8 million contract, renewable on an annual basis for up to five years, that will provide protection and maintenance service for the Loring facility after the Air Force leaves and employs approximately 80 individuals.
- *March 22, 1995* - Meeting is held in Washington D.C. with Secretary of the Air Force Sheila Widnall, with Congressional Delegation, LDA, AFBCA and OEA representatives in attendance, to address the LDA's funding dilemma. A decision was made to establish a "task force" to attempt to formulate a creative solution within existing regulations within a 60-day timeframe. All in attendance agreed that the redevelopment of Loring is a unique situation, considering its rural location, extreme winter conditions and most particularly, the financial condition of the State of Maine.
- *May 1, 1995* - The LDA executes its first interim lease with the Air Force Base Conversion Agency for use of the golf course and clubhouse facility, with a subsequent sublease to a third party operator.
- *May 3, 1995* - DFAS Center becomes operational at Loring. To date, the Center has hired 324 (75 military and 249 civilians) employees, with a total employment projection estimated at 550 when fully operational.
- *May 10, 1995* - The LDA Board of Trustees supports land transfers to the Department of the Interior for use by the U.S. Fish & Wildlife Service and the Aroostook Band of Micmacs, as well as to the Department of the Army for use by the Maine Army National Guard.
- *June 8, 1995* - A meeting is held in Senator Cohen's Washington office between LDA President, the Maine Congressional Delegation and OSD, AF, AFBCA, OEA, EDA and HUD officials, to discuss the LDA's funding dilemma. There was a strong sense of cooperation among those present to work together to formulate solutions in order to assist the communities surrounding Loring, the LDA and the State of Maine.
- *June 14, 1995* - Final Loring Redevelopment Plan is adopted by the LDA Board of Trustees and is submitted to the Air Force Base Conversion Agency.
- *June 20, 1995* - The LDA executes its second interim lease with AFBCA for use of former ammunition bunkers to be utilized for flax storage, with a subsequent sublease to a third party.
- *June 1995* - The Maine State Legislature passes legislation that: 1) transfers legislative jurisdiction over Loring from the Federal government to the State of Maine; 2) expands the LDA Board of Trustee membership from 11 members to 13; 3) grants



a partial exemption from Maine Department of Environmental Protection's site location permitting process for activity taking place prior to the transfer of the Loring property to the LDA from the Air Force and relates to any military base closure in the future, including Loring; and 4) clarifies jurisdiction over certain off-site locations, provides the LDA with jurisdiction and enforcement of land use and zoning controls, provides the option to participate in the Maine State Retirement System or any other pension plan, provides the ability to request the issuance of State of Maine guaranteed bonds and provides an increase in moral obligation revenue bond capacity from \$20 million to \$100 million.

- *June 1995* - The Maine State Legislature approves FY 96 & 97 funding for the LDA in the amount of \$314,707 and \$383,560, respectively.
- *July 13, 1995* - Through the existing operational grant with OEA, a consultant is selected to explore the feasibility of shared municipal services between Loring and the surrounding communities.
- *July 14, 1995* - The LDA executes its third lease with AFBCA in as many months for use of the bowling center, with a subsequent sublease with a third party operator.
- *August 1, 1995* - The LDA executes its fourth interim lease with AFBCA for use of two dormitory buildings. A subsequent sublease for the buildings is executed between the LDA and the Maine School of Science and Mathematics to utilize the buildings to house approximately 150 students during the first year of the school's operations.
- *August 9, 1995* - Lynwood Aviation, in conjunction with Delta Air Lines, is selected to conduct a study to determine the feasibility of a creation of a Northeast Aviation Institute at Loring. This study will determine if Maine's educational, training and R&D assets can be coalesced into a program at Loring to serve a niche in the foreign and domestic airline industries.
- *August 17, 1995* - Through an existing operational grant with OEA, Jeff Dobbs Productions, Inc. of Bar Harbor, Maine is selected to produce a marketing video for Loring. Work is expected to commence the first week of September and take approximately eight (8) weeks to complete.
- *September 28, 1995* - The newly created LDA Planning Board, consisting of members from Caswell (1), Limestone (3), Caribou (1) and a non-voting, ex-officio member appointed by the LDA Board, holds its first meeting at Loring. As a result, a scope of work will be prepared to hire a consultant to assist the Planning Board in the preparation of land use and zoning ordinances for Loring.
- *September 28, 1995* - As a follow-up to previous meetings held in Washington, a meeting is held at Loring with Mr. Rodney Coleman, Assistant Secretary of the Air Force, to discuss the status of the Loring redevelopment project and its unique issues.
- *September 30, 1995* - Through an existing grant agreement between EDA and Northern Maine Development Commission, EDA approves additional funding in the amount of \$405,000 (\$300,000 EDA funding and \$105,000 local match) for the implementation of the LDA's marketing program. A prior commitment from OEA to utilize existing grant funds (\$130,000) for the refinement of the marketing strategy as well as for the development of marketing collateral materials will coincide and get the marketing program at Loring "off the ground."
- *September 1995* - Funding for Year 2 of the Caretaker Cooperative Agreement is negotiated with AFBCA and approved in the amount of \$3,016,269.
- *September 1995* - FY 96 funding for LDA operations is approved by OEA in the amount of \$716,500 (\$644,875 federal funding and \$71,625 local match).
- *October 1995* - As a result of enacted legislation, two newly appointed members are seated on the LDA Board after being nominated by the Governor and confirmed by the State Senate.
- *November 1, 1995* - The LDA executes an interim lease with the Air Force Base Conversion Agency for 116 residential housing units for usage by DFAS military personnel on an as needed basis and DFAS civilian personnel on a temporary (not to exceed six months) transitional basis.
- *November 29, 1995* - Loring's new marketing video, which features Governor Angus King as the narrator, is unveiled at the LDA Board of Trustees meeting.
- *November 29, 1995* - Barton, Gingold, Eaton & Anderson of Portland, Maine is selected to refine the LDA's marketing strategy and prepare the necessary collateral materials.
- *Late November 1995* - Completion and issuance of Final Environmental Impact Statement by the Air Force.
- *December 28, 1995* - The LDA submits an Economic Development Conveyance (EDC) application to the Air Force Base Conversion Agency, stressing the necessity for a phased real property transfer mechanism with associated long-term Caretaker Cooperative Agreement funding.



- *January 10, 1996* - "LORING COMMERCE CENTRE - *Your Maine Door to Opportunity*" was unanimously adopted at the Loring Development Authority (LDA) Board of Trustees meeting for the creation of a new name and initial byline for the former Loring Air Force Base facility.
- *February 14, 1996* - The LDA Board authorizes the President to negotiate and execute a contract with the Northern Maine Development Commission to develop proposed land use and zoning ordinances for Loring.
- *February 14, 1996* - Work commences on a \$6.3 million renovation project for the Loring Job Corps Center and is awarded to a consortium of local contractors. The Center is expected to become operational at Loring in the fall of 1996, with 380 students and 131 employees.
- *March 15, 1996* - Flax storage lease renewal is executed for a one-year period.
- *April 1996* - LD 1741, "An Act to Enable the LDA to Establish a Job Increment Financing Fund and to Impose Term Limits on Trustees of the LDA," is enacted by the Maine State Legislature and signed by the Governor.
- *April 11, 1996* - The signing of the Air Force's Record of Decision, representing the Air Force's recommendation with respect to disposition of property at Loring occurs, and includes a recommendation of a transfer of approximately 3,900 acres of land and associated buildings to the Loring Development Authority, as well as land transfers to various Federal entities. This document is an important first step in an ultimate transfer of the property.
- *April 11, 1996* - Feasibility Study for the Creation of the Northeast Aviation Institute is completed and presented to the LDA Board and it is decided to pursue the potential of locating a National Airline Training Center at Loring.
- *May 1, 1996* - Golf course and clubhouse facility lease renewal is executed for a one-year period.
- *May 7, 1996* - The Department of Labor awards a \$9.9 million contract to a Maine company to manage and operate the Loring Job Corps Center.
- *May 28, 1996* - The LDA executes a no cost interim lease with AFBCA for use of Bldg. #'s 2101, 2103, 2105 and 2107 as short term rental units for tourists and other Aroostook County visitors and executes a subsequent sublease with the Limestone Country Club.
- *May 29, 1996* - The LDA executes a no cost interim lease with AFBCA for use of the 38 site Malabeam Lake campground and recreational area and executes a sublease with a third party operator.
- *May 30, 1996* - The LDA's marketing collateral materials are completed and the implementation of an aggressive national and international marketing campaign will be commence in June.
- *June 17, 1996* - The LDA holds its first formal annual meeting/dinner with over 140 in attendance and Governor Angus S. King, Jr. as keynote speaker.
- *June 28, 1996* - The LDA executes a no cost interim lease with AFBCA for use of Building #3360 to be utilized for a day care center that will initially accommodate between 20 and 30 children and employ the equivalent of three full-time employees. A subsequent sublease is executed with a third party operator.
- *July 10, 1996* - The LDA executes a no cost interim lease with AFBCA and a subsequent sublease with a third party operator, for the use of the 14,000 square foot Building #7304 for the purpose of manufacturing a variety of value added wood products, with an expected creation of 10 full-time jobs.
- *July 30, 1996* - John DeVillars, EPA New England Administrator, visits Loring to get a first hand look at the environmental cleanup program at Loring and to receive an update from the LDA on its redevelopment efforts. Mr. DeVillars announced that EPA will award a \$75,000 grant to the LDA to be utilized in redevelopment efforts to educate and market the Loring facilities to a variety of parties that may be involved in developing projects at Loring (i.e.: financial institutions, lawyers, commercial real estate brokers, prospects). This marks the first grant awarded by EPA for such purposes throughout the country in connection with the redevelopment of a former military installation.
- *August 6, 1996* - Selected from a national field of competitors, LDA President Brian Hamel is chosen as Developer of the Year by the National Association of Installation Developers (NAID). The LDA's marketing materials also received awards in NAID's Literature and Materials Awards competition, including Best of Show (first place) in General Purpose - Brochure/Industrial for Loring Commerce Centre Marketing Brochure; Best of Show in General Purpose - Promotional/Single Item for Loring Commerce Centre Business Reply Marketing Mailer; Excellent (second place) in Audiovisual/Specific for Loring Commerce Centre Promotional Video; and Honorable Mention in Special Purpose Brochure for Loring Facility Specification Data Sheet.



- *August 1996* - A Memorandum of Understanding is executed between the US Fish & Wildlife Service and the LDA, allowing the two entities to coexist in a complimentary fashion.
- *September 1996* - Bowling center facility lease renewal is executed for a one-year period.
- *September 17, 1996* - The LDA executes a no cost interim lease with AFBCA and a subsequent sublease with a third party operator, for the use of the 22,000 square foot Building #2501 for the purpose of operating a hotel facility, with 16 suites and 6 single rooms.
- *September 1996* - Funding for Year 3 of the Caretaker Cooperative Agreement is negotiated with AFBCA and approved in the amount of \$2,998,232.
- *September 1996* - FY 97 funding for LDA operations is approved by OEA in the amount of \$529,874 (\$476,874 federal funding and \$53,000 local match).
- *September 1996* - The newly adopted Fiscal Year 1997 Federal budget includes \$400,000 for start-up funding for the Aroostook National Wildlife Refuge located at Loring. It is expected that the Refuge will open in 1997.
- *October 1996* - Agreement in concept is reached between AFBCA and the LDA concerning the terms of a no cost Economic Development Conveyance transfer of the Loring property. This agreement will provide continued protection and maintenance funding through the year 2004 based on successfully meeting performance based criteria. It is expected that a formal document will be executed by the end of February 1997.
- *January 6, 1997* - Loring Job Corps Center of Innovation at the Loring Commerce Centre welcomes the first 12 students of 380. The Governor of Maine proclaims the week of January 6th "Job Corps Week in Maine." As of the end of December, the Center employed 105 of the expected 131 employees. The official opening of the center is January 28, 1997.
- *February 3, 1997* - A letter of intent is executed between the LDA and Championship Sports Flooring, Inc., a manufacturer of portable hardwood gymnasium floors, to expand their operations at Loring and occupy a 107,000 sq. ft. warehouse facility, initially employing 30 people.
- *February 6, 1997* - A letter of intent is executed between the LDA and Great Northeast Productions, Inc., a well-known and highly regarded concert promoter, to hold a major, two day outdoor concert event at Loring by the internationally acclaimed musical group PHISH in August 1997.
- *March 5, 1997* - The LDA receives the National Job Corps Coalition's Community Alpha Award in Washington, D.C. This prestigious award was given to the LDA for their efforts in establishing the Loring Job Corps Center of Innovation.
- *April 4, 1997* - An Economic Development Conveyance document is executed, which gives the LDA control of 3,682 acres of the Loring property and will enable them to effectively manage and market the facility to the private sector. The terms of this precedent setting agreement includes a no-cost, 55 year lease between the Air Force and the LDA and long-term funding for the protection and maintenance of the facilities of up to \$3 million annually through the year 2004, based upon performance criteria agreed upon between the LDA and the Air Force.
- *April 11, 1997* - A letter of intent is executed to occupy Building #8413 for the purposes of storage of flax scutching equipment and office use with the future intent of locating a scutching mill operation.
- *May 14, 1997* - The LDA Board authorizes the President to execute a one- (1) year lease agreement to occupy Building #5005 for the purpose of operating a full service beauty shop.
- *June 11, 1997* - The LDA Board authorizes the President to utilize the approximate 200 housing units located at the Loring Commerce Centre on Loring Drive, Gross Drive and Tennessee Circle, for the purposes of leasing transitional housing to any employee of a Loring based employer who is relocating to the local area from outside of Aroostook County.
- *June 28, 1997* - Loring Commerce Centre hosts its First Annual Open House, with over 3,000 people from the local community in attendance. All of Loring's tenants participated in this event, and activities included DFAS' 2<sup>nd</sup> Anniversary Celebration, Job Corps Ribbon Cutting, hot air balloons and fireworks.
- *August 13, 1997* - The LDA Board authorizes the LDA President to enter into a lease agreement with the Maine Army National Guard for the use of Buildings 7500 and 7501 for the purpose of operating a vehicle refurbishment center at Loring that will initially employ between 25 and 40 employees.
- *August 16-17, 1997* - "The Great Went," a two-day outdoor concert festival by the band *Phish*, is held at Loring, with over 62,000 paid attendees per day from all over the United States and Canada. The concert event had an estimated \$25 million economic impact on the region and temporarily employed 1,000 people over a one-month period.



- *September 1997* - Funding for Year 4 of the Caretaker Cooperative Agreement is negotiated with AFBCA and approved in the amount of \$2,853,000.
- *September 10, 1997* - The LDA Board authorizes the President to enter into a lease agreement with a third party to operate Loring's fitness center. The Center opened in November 1997.
- *September 30, 1997* - The LDA received a \$1,000,000 precedent-setting grant from the Economic Development Administration to fund the LDA's operating expenses through September 30, 2000.
- *November 12, 1997* - With Governor King in attendance, the LDA executes a lease agreement with Sitel Corporation, the global leader in outsourced telephone-based customer service, to expand their call center operations in early 1998 in the 48,000 square foot Fortune Building. Sitel will initially employ 350 people, with expansion possibilities well beyond 500 people.
- *November 17, 1997* - The Federal Aviation Administration grants approval for the designation of Loring International Airport as a private-use airfield.
- *December 10, 1997* - The LDA Board approves land use and zoning controls developed by the LDA Planning Board for the Loring Commerce Centre.
- *February 4, 1998* - The LDA Board gives approval to the LDA President to execute a contract with Great Northeast Productions, Inc. to conduct a repeat outdoor concert event by *Phish* in August 1998. Attendance is expected to exceed last year's estimated attendance of 70,000.
- *February 4, 1998* - The LDA Board approves the formation of an aviation task force of local, state and federal members to identify and discuss alternative uses for Loring's aviation complex.
- *February 4, 1998* - The LDA Board appoints a Code Enforcement Officer for the Loring Commerce Centre and adopts an E-911 Addressing Ordinance.
- *March 11, 1998* - The LDA Board authorizes the President to execute documents to transfer Loring's electrical distribution system to Maine Public Service Company via sale.
- *May 13, 1998* - The LDA Board authorizes the President to enter into a lease agreement with Speedling, Inc. to occupy 9,900 square feet of Building #8410 for use as a pilot project involving the evaluation of strawberry and broccoli seedling transplant production. The lease agreement was executed on June 1, 1998.
- *June 1, 1998* - The Aroostook Emergency Management Agency executes a lease agreement for the use of 3,200 square feet of Building 5302 to operate Aroostook County's Operations Center, employing two people.
- *June 10, 1998* - The LDA Board authorizes the President to amend the EDC document with the Air Force to include a no-cost transfer of the former Ashland Radar site and subsequently, to transfer the site at no cost to the Maine Department of Conservation.
- *June 1998* - The LDA issues its first quarterly newsletter.
- *July 8, 1998* - The LDA Board authorizes the President to execute a lease agreement with Maine Wood Flooring LLC to occupy Building 7230 for use as a wood flooring manufacturing plant. The plant will operate in conjunction with a sawmill being constructed in Portage, Maine and is expected to be operational in the summer of 1999, employing up to 100 people. The agreement was signed in August 1998.
- *July 9, 1998* - Loring's electrical distribution system is sold to Maine Public Service Company.
- *July 1998* - The LDA is awarded a \$1.5 million grant by the Economic Development Administration to demolish approximately 1,500 substandard housing units.
- *August 15-16, 1998* - "Lemonwheel," an annual two-day outdoor concert by the band *Phish*, is held at Loring for the second consecutive year, with over 60,000 attendees per day from all over the United States and Canada. The concert event had an estimated \$25 million economic impact on the region and temporarily employed 1,000 people over a one-month period.
- *August 1998* - The LDA enters into an agreement with the City of Caribou to provide on-site ambulance coverage staffed by members of the Loring Fire Department.
- *September 9, 1998* - The LDA Board approves a no-cost transfer of Loring's telecommunications system to Bell Atlantic.
- *September 9, 1998* - The LDA Board authorizes the President to execute a lease agreement with Dehondt Technologies for use of Buildings #8634 and 8629 for flax storage.



- *September 24, 1998* - A lease agreement with Cary Medical Center is executed for the use of 2,000 square feet of Building 5302 for the purpose of operating a health clinic at Loring.
- *September 30, 1998* - The US Air Force transferred approximately 3,900 acres of Loring's land to the US Fish & Wildlife Service for the establishment of the Aroostook National Wildlife Refuge. USF&W has hired an on-site Assistant Manager and is planning a formal transfer ceremony in the spring of 1999, with the Refuge being open to the public in late summer.
- *September 1998* - Funding for Year 5 of the Caretaker Cooperative Agreement is negotiated with AFBCA and approved in the amount of \$2,695,000.
- *October 21, 1998* - The LDA Board concurred with the LDA Planning Board's approval of the application of the Maine Army National Guard to expand their existing site by joining Buildings #7500 and Building #7501, thus creating an additional 9,000 square feet of facility space, if feasible.