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LORING COMMERCE CENTRE



2001
ANNUAL REPORT

LORING DEVELOPMENT AUTHORITY OF MAINE



LORING COMMERCE CENTRE

Brian N. Hamel
President & CEO

To the Citizens of the State of Maine:

When the announcement "hit the street" in 1991 that Loring Air Force Base was slated for closure on September 30, 1994, many thought that Aroostook County's economy would never recover from this devastating blow. With the loss of 1,100 civilian personnel, 4,500 military personnel and the thousands of dependents that resided at Loring, it was hard to imagine what the future might bring. Despite this major setback and the impending skyrocketing of the unemployment rate to as high as 15%, the people of Aroostook County refused to have a defeatist attitude and were determined to work together to ensure that the birth of the Loring Commerce Centre would experience vibrancy and success. Well, seven short years after Loring closed its military doors, we are pleased to report that there is life after military base closure.

Today, Loring is home to 20 organizations that collectively occupy over 1.6 million square feet of facility space and that currently employ over 1,100 employees. This extensive level of incremental job creation at the Loring Commerce Centre, combined with the significant economic activity in our surrounding communities, has played a major role in reducing the unemployment rate in the local labor market area to the incredibly low level of 2.9% in July 2001.

In addition to positively contributing to the lowering of the unemployment rate, Loring-based activity, including the investment in the environmental remediation process, has tangibly contributed in many ways to stimulating Maine's economy. Since the LDA commenced with the implementation of its comprehensive development plan, Loring-based tenants (i.e.: \$185 million) and the Air Force (i.e.: \$ 179 million) have cumulatively expended at least the following direct dollars into Maine's economy:

Payroll	\$117 million
Retail	\$25 million
Services	\$70 million
Wholesale	\$10 million
Construction	<u>\$142 million</u>
Cumulative Total	<u>\$364 million</u>

The approximate 1,100 jobs currently existing at Loring have an annual payroll of nearly \$30 million and these tenants also purchase over \$10 million worth of goods and services from Maine businesses each year. This direct spending also has "ripple" or secondary effects on Maine's economy. These secondary impacts were recently measured by the Regional Output Simulation model developed by the Maine State Planning Office and according to that model,

and in addition to the direct annual impacts noted above, Loring-based tenant spending in Maine supports additional retail sector sales of \$18 million, service business sales of \$43 million, wholesale sales of \$11 million and construction sales of \$2 million. These secondary sales support 1,200 additional Maine jobs with payrolls and business owners' profits of nearly \$28 million. In addition, these tenant activities generate over \$2 million in State Personal Income Tax revenues and over \$1 million in State Sales Tax revenues. All of this direct and indirect activity happens every year and this doesn't even count the estimated \$50 million that the Great Went and Lemonwheel Phish concerts injected into Maine's economy in 1997 and 1998!!

We are certainly pleased with our collective past accomplishments and we are looking forward to sharing many more success stories with our citizens in the future.

Best regards,

A handwritten signature in black ink, appearing to read "Brian N. Hamel", with a long, sweeping horizontal line extending to the right.

Brian N. Hamel
President & CEO

*Paragraph 13080-L
Fiscal Year 2001 Annual Report
July 1, 2000 through June 30, 2001*

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Loring Development Authority of Maine

*2001
Annual Report*

*Paragraph 1A:
Description
of the
Authority's Operations
and
Status Report*

*Loring Development Authority of Maine
Fiscal Year 2001 Annual Report
Paragraph 1A: Description of the Authority's Operations and Status Report
July 1, 2000 through June 30, 2001*

Loring Commerce Centre is an invaluable asset to the region and our State and the Loring Development Authority (LDA) is working to ensure that Loring's development reaches its full potential. Loring, Aroostook County's industrial, business and aviation complex, promotes economic development in the industry sectors of industrial manufacturing, agriculture, food processing, forest products manufacturing, backoffice and telecommunications-based operations and aviation. Much progress has been made since Loring Air Force Base closed in 1994. Development activity for fiscal year 2001 and proposed future developments are presented in this report.

Fiscal Year 2001 Accomplishments

The following is a summary of the economic development related activity that the LDA has accomplished in fiscal year 2001, supporting its primary mission of job creation and facility absorption.

- On April 19, 2001, the LDA and its many partners in development realized a major milestone in the base closure and redevelopment process as title to a 2,805-acre parcel of Loring Commerce Centre was transferred from the Air Force to the LDA. The transfer allows the LDA to sell selected parcels of land and facilities to third parties, returning them taxable status.
- Having secured title to much of the developed property on Loring, the LDA was able to sell the Limestone Country Club and 158 residential units on Loring to a partnership represented by the operators of the Country Club, who had been leasing the property since 1995.
- The Telford Group, Inc., in partnership with Volvo Aero Services, announced its plans to expand its operations to Loring. Telford is an aircraft maintenance and repair provider based in Bangor, Maine. The Loring operation will initially employ approximately 25 people to perform aircraft disassembly and associated maintenance.
- The Loring Applied Technology Center (LATC) was created:
 - ♦ Philip Helgerson, Director of the Maine Applied Technology Development Center (ATDC) System, and Steven Levesque, Commissioner of the Department of Economic and Community Development, presented a certificate to the LDA acknowledging the LDA's acceptance as a member of the ATDC System as the renovation of the Loring Applied Technology Center began.

- ◆ Cyr Construction Co. of Caribou was awarded a \$719,430 contract for the renovation of the 42,000 square foot (LATC) building. Renovations were completed in July 2001.
 - ◆ Ed Nickerson was hired as the LATC Executive Director and Diane Martin took on a new position within the LDA as the LATC Executive Assistant.
 - ◆ A thirteen-member LATC Advisory Board was created and will assist the LATC staff in developing operational policies.
 - ◆ The LATC open house was held on August 16, 2001. Governor Angus King and representatives of the State Legislature, Maine's economic development and business communities, the general public and LDA Board, staff and contractors attended the event.
- In July 2000, the LDA received a \$1.3 million grant from EDA for the continued demolition of excess housing in the North and South Wherry housing areas on Loring. The grant will fund 70% of the \$1.6 million project. In May 2001, the LDA received a \$1.5 million grant from the EDA for the demolition of excess housing on Wyoming Circle, fourteen nose dock hangars and twelve additional substandard structures on Loring. The LDA will provide a 30% cash match for the \$2.1 million project. These demolition projects will clear property needed for new construction opportunities.
 - Soderberg Construction of Caribou was awarded a \$1.3 million contract for the North and South Wherry housing demolition project.
 - The Maine Department of Transportation awarded the LDA a \$24,000 grant, funding 80% of the cost for a study of the structural integrity of the Arch Hangar. The study determined that \$1.5 million would be needed to protect the structure, making necessary repairs to the roof, windows, electrical system and heating system.
 - The Maine State Legislature approved \$1.5 million in the Transportation Bond for the renovation of the Arch Hangar and \$1.8 million for extending and upgrading the rail line leading to Loring. The bond package must be approved by voters and the \$1.8 million will require a 50% match.
 - Lamb Weston, a Kennewick, Washington based company, extended its option agreement period to December 2001 and continues to wait for market conditions to improve before making a decision to construct an \$80 million french-fry processing facility on Loring.
 - Irving Forest Products, Inc. executed its option agreement for the purchase of 415 acres on Loring for the construction of a value added wood product manufacturing complex, with an estimated investment in excess of \$100 million. This option expires in February 2002 and Irving is waiting for market conditions to improve before making a decision about its option.
 - The Town of Limestone approved a tax increment financing district and development program in connection with the contemplated Irving Forest Products, Inc. project.

- Building #5055 was renovated and is designed for use by three tenants who require smaller spaces to operate in. J.P. Martin & Sons of Caribou was awarded a \$105,970 contract to complete the renovations.
- LDA entered into a lease agreement with Steve Bailey, owner of Bailey's Delicatessen of Caribou, for the expansion of his deli operation into one of the newly renovated spaces within Building #5055 at 170 Development Drive on Loring Commerce Centre.
- The Maine Army National Guard (MEARNG) expanded its operations into building #8713, a 115,013 square foot expansion. MEARNG plans to expand its work force from 180 up to 400 employees.
- Two C-5A cargo airplanes touched down on Loring's airfield in support of the MEARNG operations on Loring.
- A license agreement with InterAmerican Air Group of Miami, Florida for use of Loring's 41,000 square foot hangar for a short-term aircraft maintenance operation was authorized. On August 21, 2001, InterAmerican brought a DC-9 to Loring for maintenance and retrofitting and with help of a qualified and reliable workforce the company delivered the aircraft to the customer ready for use on August 26, 2001.
- Loring's bowling facility, the Evergreen Family Recreation Center, reopened. LDA entered into a one-year lease for the operation of the facility, which hosts a number of leagues and tournaments.
- ACAP has renewed its lease and continues to operate its daycare facility.
- Hutchinson Sealing Systems, Inc. of Newfields, NH signed a license agreement for the use of Loring's airfield to conduct tests on the automobile seals that it manufactures.
- On October 11, 2000, the LDA Board of Trustees accepted the Loring Development Authority's audit report for the Fiscal Year ended June 30, 2000 as prepared by Chester M. Kearney, Certified Public Accountants. The auditors issued an unqualified opinion and made no suggestions for improvements in internal control procedures.
- A three-year Auditing Services Contract was awarded to Chester M. Kearney, CPAs.

The State's decision to accept and develop the property once occupied by the Air Force in Limestone has proven to be a prudent one. Loring's development activity over the past seven years has resulted in the occupation of 1.6 million square feet of facility space, the opportunity for new construction and projected employment of over 1,400 jobs, which represents over a 100% replacement of the civilian jobs lost when Loring Air Force Base closed.

Marketing Efforts

As we continued our proactive approach to business attraction and job creation in the past year, our marketing efforts focused on the aviation industry. The sales and marketing activities, listed below, are largely funded through the LDA's State of Maine appropriation and are instrumental to our continued success.

FY 2001 Trade Show List

August 24 – 26	Int'l Woodworking & Furniture Mfg.	Atlanta, GA
September 6 – 10	Maintenance, Repair & Overhaul - Europe	Paris, FR
October 9 – 12	National Business Aviation Assoc.	New Orleans, LA
November 4 – 8	International Research Development Council	Orlando, FL
November 13 – 17	Aero Expo 2000	Long Beach, CA
January 24 – 25	Maine Real Estate Development Assoc.	So. Portland, ME
January 30 – 31	International Research Development Council	Boston, MA
March 5 – 6	Aviation Investors Symposium	London, UK
April 2 – 6	Maintenance, Repair & Overhaul	Dallas, TX
April 16 – 20	European Business Aviation Conf & Exh.	Geneva, CH
May 1 – 4	Professional Aviation Maintenance Assoc.	Long Beach, CA
May 12 – 16	International Research Development Council	Seattle, WA
May 26 – 31	Aircraft Interiors Conf. & Exh.	Long Beach, CA
June 13 – 18	Real Comm.	Dallas, TX

Attendance in these trade shows has led to discussions and negotiation with business prospects in a variety of industries and more particularly in the aviation industry. Our marketing efforts in the past seven years have provided Loring with "brand name recognition" nationally and internationally and as a result, we are poised to experience many more successes in the future.

LDA Funding

State of Maine: In August 2000, the LDA received an annual appropriation installment of \$326,026 from State of Maine. This funding continues to be used for match funding for the LDA's demolition grants from the Economic Development Administration (EDA) and for sales, marketing and operating expenses. The State also provided the LDA with a \$550,000 appropriation for the creation of the Loring Applied Technology Center (LATC), and \$79,000 was awarded to the LATC for operating expenses through FY02.

Department of Economic and Community Development: A \$400,000 Community Development Block Grant was awarded to the Town of Limestone for the renovation and outfitting of the Loring Applied Technology Center, which is part of the State's Applied Technology Development Center System.

Maine Department of Transportation (MDOT): The MDOT granted the LDA a \$24,000 grant for an engineering study of the Arch Hangar on Loring. The study was used to determine the facility's structural integrity and the extent of repairs needed to protect it. The LDA provided a \$6,000 match. The MDOT's Transportation Bond Package includes \$1.5 million for the renovation of the Arch Hangar and \$1.8 million for the upgrade and extension of rail lines servicing Loring. The \$1.8 million will require a 50% match.

Caretaker Cooperative Agreement Funding: In September 2000, the Air Force Base Conversion Agency awarded the LDA Year 7 operational funding for the Caretaker Cooperative Agreement in the amount of \$2,535,000.

Economic Development Administration (EDA) Funding: The EDA determined that the LDA is eligible to receive funding beyond EDA's self-imposed timeframe of five years after base closure (which in Loring's case would have been September 30, 1999). In July 2000 EDA awarded the LDA a \$1.3 million grant to complete the housing demolition project and the LDA provided a match of \$575,000. A grant for \$1.5 million was awarded in May 2001 for the demolition of housing on Wyoming circle, twelve nose dock hangars and miscellaneous substandard structures. The \$1.5 million grant requires a \$643,000 match.

Tax Increment Financing Fund: The Loring Tax Increment Financing (TIF) Program allows the LDA to receive 50% of the Maine State Income Tax withheld from incremental jobs created at the Loring Commerce Centre (hired subsequent to July 1, 1996) to fund municipal type services provided at Loring. Contributions received through this fund in Fiscal Year 2001 totaled \$207,904. These funds will continue to be accumulated in a reserve account to fund future municipal service costs or for services that are not funded through the Caretaker Cooperative Agreement with the Air Force.

Property Sale, Lease, Municipal Services and Miscellaneous Revenues: During Fiscal Year 2001, the LDA received revenues from its tenants, miscellaneous revenues and the sale of personal property in the amount of \$830,164. In addition, the LDA sold its golf course and 158

residential units to a developer for \$1.6 million. This sale generated \$318,088 in cash and the LDA financed the remaining \$1,280,000 through a 15-year note.

Tenants on Loring

The following is a brief profile of the activity of Loring's major tenants:

Maine Army National Guard (MEARNG) Maine RS Maintenance Center. With approval from the State Legislature, the MEARNG operation was reorganized under the Maine Military Authority. As such, the Center has expanded its market and its vehicle refurbishment operation. MEARNG facilities now occupy 379,000 square feet in eight buildings on Loring with employment projections of approximately 400 people, doubling its current workforce.

Maine Winter Sports Center (MWSC). The concept for this Nordic Skiing, Biathlon and Alpine Skiing project started at the Loring Commerce Centre and has expanded significantly throughout Aroostook County. The Libra Foundation, a philanthropic organization located in Portland, Maine, has committed over \$7 million to this project and the MWSC is making great strides towards its goal of reestablishing skiing as a lifestyle in this region. MWSC received international recognition this year when the International Biathlon Union (IBU) asked the MWSC to submit a bid to host a Biathlon World Cup in 2003; a Junior Biathlon Championship in 2005; and the prestigious World Championship in 2009.

Defense Finance and Accounting Service (DFAS) Center. The DFAS center operates out of a world-class facility, which recently received \$6 million in renovations, and its employees have consistently performed with excellence. As of the end of June 2001, DFAS employed 295 associates.

Hydroblend, Inc. Hydroblend continues its successful operations. The company manufactures specialty blends of mixes for the food processing industry. Employment levels are expected to grow to 30 employees.

Loring Job Corps. The Training and Development Corporation (TDC) from Bucksport, Maine was awarded a second five-year contract to operate the Loring Job Corps Center (LJCC). The LJCC continues its successful education and job training programs. At of the end of June 2001, the LJCC had a student population to 339 and employed 138 people.

Sitel Insurance Services. Sitel operates two shifts daily, in order to serve its many clients. The company employed 294 people at the end of June 2001, with a turnover rate that is one of the lowest in its network.

Aroostook National Wildlife Refuge. Over 100 people attended the Aroostook National Wildlife Refuge open house held in May 2001. Refuge staff and volunteers built trail, removed safety hazards and prepared the visitor center for the event.

Limestone Country Club. The operators of the country club have been successful with their operation since 1995 and in May 2001 they received title to the property they once leased and to 158 rental housing units on Loring.

In addition, the LDA executed leases, lease renewals and license agreements with private sector tenants, as outlined in "Paragraph 1C: Property Transactions During Fiscal Year 2001."

As of June 30, 2001 Loring supported the following: 20 tenants; 1,051 jobs; 94 Commerce Centre employee dependents and 339 Job Corps students living on Loring; and 40 children enrolled in the ACAP daycare program for a total of 1,524 people working, living and being cared for on Loring. In addition, approximately 1.6 million square feet of facility space, or 50% of the total available space, and 4,774 acres of land, or 55% of the total available land, has been committed to, resulting in projected incremental jobs of over 1,400.

LDA Board of Trustees and Staffing

At the June 2001 Board of Trustees Annual Meeting, the following Board members were elected as officers for fiscal year 2002, for one-year terms: Albert Watt, Chair; Anne Pringle, Vice Chair; Philip St. Peter, Secretary; and Paul Cariani, Treasurer. Also, the State Legislature's Business & Economic Development Committee supported Governor Angus King's nomination of Brian Thibeau and James Donnelly to the LDA Board of Trustees and the Maine State Senate confirmed the nominations. Mr. Thibeau has been an LDA Trustee since 1995 and Mr. Donnelly is a new member of the Board.

The LDA operations staff includes: President & CEO; Vice President & General Counsel; Director of Finance and Administration; Manager, Property and Human Resources; Manager, Sales and Marketing; Executive Assistant; and Office Clerk. The Loring Applied Technology Center is now staffed with an Executive Director and Executive Assistant. The LDA also employs a total of 43 individuals associated with municipal operations at Loring (fire protection, water & wastewater operations and caretaker operations). Administrative staff for these operations includes: Caretaker Operations Manager; Accounts Control Manager; and Administrative Assistant.

Other Activities

Airport Developments. The LDA, having title to all aviation assets on Loring, is aggressively marketing the many facilities at Loring International Airport in accordance with a 1998 Aviation Task Force Report. The Telford Group, Inc., of Bangor Maine has proposed the use of Loring's airport facilities for aircraft disassembly, storage and maintenance and intends to begin operations in November 2001. It is expected that the Telford operation will provide opportunities for addition developments and that Loring's 1,600-acre aviation complex will substantially augment the aviation industry in Maine.

An engineering study of the structural integrity of the Arch Hangar determined that \$1.5 million would be needed to perform renovations that will protect the facility. Subject to the approval by Maine's voters in November 2001, the LDA will receive the \$1.5 million in funding to replace the roof, install a new heating system and make repairs to the electrical system, doors and windows.

Having secured title to Loring's instrument landing system (ILS), the LDA continues to work with the FAA to secure an instrument certification for the Loring International Airport. The airport currently operates under visual flight rules and the certification would allow flights to land in low visibility conditions using the ILS and instrument flight rules. An ILS approach is necessary for Loring's airport to reach its fullest potential but some aviation operations can occur without it.

Loring Applied Technology Centre (LATC). The LATC held an open house on August 16, 2001, hosting over 200 people from around the State. Governor Angus S. King, Jr. provided a dynamic keynote address about new technology and the opportunities it provides for growing an economy. Following the open house, Dr. Ernesto Sirolli, founder of the Sirolli Institute, presented a workshop on entrepreneurship and how to foster and sustain new businesses. The LATC staff is working with small business owners who are considering bringing their ideas to the LATC and to make use of its invaluable services in growing their businesses. Also, in an effort to educate the public about their services, the staff hosts meetings for various groups, providing tours and information about business incubators.

Demolition Projects. The demolition of north and south Wherry housing units is complete and the LDA is preparing for another demolition project. With the assistance of a \$1.5 million EDA grant, the housing units on Wyoming Circle, twelve nose dock hangars and twelve miscellaneous substandard structures will be cleared. Demolition of excess housing units and other structures will allow for new construction. The south Wherry area is the site of a projected potato processing plant; north Wherry will be promoted as a 40 acre business park with communication and municipal infrastructures already in place; and the nose dock area is the site of a projected value added wood processing plant.

Forestry Program. The Maine Forest Service (MFS) and the LDA have established a forest management program on Loring. Forestry activity on Loring includes the management of approximately 3,000 acres of community forests and 600 acres of traditional forests as well as tree harvest operations. The project will be used as a pilot program to establish sustainable forestry practices in communities throughout the State. Two community forest workshops and one woodlot management workshop have been held with more workshops and community activities projected for next spring. A selective tree harvest operation will begin this fall.

Roads Classification Review. The MDOT has conducted a roads classification review of the roadways on Loring and concluded that Loring's roads do not qualify as State or State-Aid Highways, thus denying the LDA's request for maintenance funding.

Shared Municipal Services and Shared Revenue. As property on Loring is sold to third parties it becomes taxable; therefore, the LDA and the Town of Limestone are currently negotiating the terms of an agreement that will allow for municipal services to be shared as well as future tax revenues and PILOT (payment in lieu of taxes) fees.

Federal Bureau of Prisons. Having secured the support of Loring's surrounding communities and the County of Aroostook, the LDA is working with Senator Olympia Snowe in pursuit of a locating a minimum-security prison in the former alert facilities on Loring.

Tours of Loring. In continuing to educate the public about the developments on Loring and to raise awareness of the many opportunities it offers our citizens, LDA staff provides guided tours of Loring to groups and individuals. Several State and Federal government official, business and media representatives, and private groups have visited and toured Loring each year and have left with a new perspective. Seeing the entire complex with its ongoing activity and opportunities for new developments has helped them to understand the magnitude of the economic development project in a way that words and pictures cannot convey.

Other Efforts:

Business Investor Award. In recognition of the LDA's successful efforts to develop the assets on Loring, the Maine State Chamber presented the LDA with a *Business Investor Award* at its 2001 Annual Meeting. Three other Maine businesses received the prestigious award.

Community Relations Council Recognition. The Loring Job Corps Center (LJCC) recognized members of the Loring community for their support of the LJCC. Awards were given to representatives of the Defense Finance and Accounting Service Center, the Maine Readiness Sustainment Maintenance Center, the Loring Fire Department, and the LDA Board of Trustees and Staff.

Citizen of the Year. The Presque Isle Area Chamber of Commerce named Brian N. Hamel, LDA President & CEO, “Citizen of the Year”. Brian was recognized for the many contributions he has made to his community including leading the prosperous development of Loring Commerce Centre, supporting the Maine Winter Sports Center as its Chairman of the Board and participation in several community and State wide organizations.

Loring Development Authority of Maine

*2001
Annual Report*

Paragraph 1B:

Audited

Financial

Statements

LORING DEVELOPMENT AUTHORITY OF MAINE

FINANCIAL STATEMENTS

JUNE 30, 2001

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Herman Belanger, CPA
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To the Board of Trustees of the
Loring Development Authority of Maine

INDEPENDENT AUDITORS' REPORT

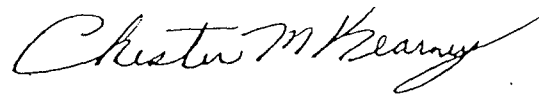
We have audited the accompanying general-purpose financial statements of the Loring Development Authority of Maine (LDA), a component unit of the State of Maine, as of and for the years ended June 30, 2001 and 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of LDA's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits provide 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, 2001 and 2000, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were 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.



Presque Isle, Maine
August 22, 2001

LORING DEVELOPMENT AUTHORITY OF MAINE

BALANCE SHEETS

JUNE 30, 2001 AND 2000

ASSETS

	2001	2000
CURRENT ASSETS		
Cash (Note 3)	\$2,374,559	\$2,399,072
Due from Federal Government	908,594	362,509
Due from State of Maine	351,772	-
Accounts receivable	155,146	393,312
Less allowance for uncollectible accounts	-	(15,120)
	<u>3,790,071</u>	<u>3,139,773</u>
FIXED ASSETS (Note 2)		
Equipment	164,139	148,441
Less accumulated depreciation	(123,779)	(81,471)
	<u>40,360</u>	<u>66,970</u>
OTHER ASSETS		
Note receivable (Note 11)	<u>1,280,000</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$5,110,431</u></u>	<u><u>\$3,206,743</u></u>

LIABILITIES AND RETAINED EARNINGS

CURRENT LIABILITIES		
Accounts payable	\$ 257,562	\$ 145,486
Accrued expenses (Notes 4 & 5)	495,788	189,279
Deferred revenues (Notes 7 & 12)	117,817	187,711
Advances from Federal Government	1,381,343	1,484,169
Advances from State of Maine	90,404	-
	<u>2,342,914</u>	<u>2,006,645</u>
RETAINED EARNINGS	<u>2,767,517</u>	<u>1,200,098</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u><u>\$5,110,431</u></u>	<u><u>\$3,206,743</u></u>

See notes to financial statements

LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN RETAINED EARNINGS

YEARS ENDED JUNE 30, 2001 AND 2000

	2001	2000
REVENUES		
Federal assistance (Note 9)	\$3,897,123	\$3,949,169
State assistance (Note 9)	1,446,681	467,026
Leases (Note 6)	521,468	466,211
Payments in lieu of taxes (Note 8)	482,786	454,620
Water and sewer fees	67,038	64,379
Sale of property and equipment (Note 11)	1,598,088	-
Other	241,657	194,571
	<u>8,254,841</u>	<u>5,595,976</u>
EXPENDITURES		
Salaries and benefits	687,163	662,425
Travel	41,815	37,340
Outside contracts and services	70,988	32,787
Housing demolition and construction	1,661,838	1,418,010
Legal and audit	41,487	18,238
Marketing	220,931	365,115
Maintenance and utilities - residential	184,381	229,383
Administrative	134,616	116,883
Municipal - type operations and facilities maintenance (Note 9(B))	<u>3,644,203</u>	<u>2,741,430</u>
	<u>6,687,422</u>	<u>5,621,611</u>
NET INCOME (LOSS)	1,567,419	(25,635)
RETAINED EARNINGS - BEGINNING OF YEAR	<u>1,200,098</u>	<u>1,225,733</u>
RETAINED EARNINGS - END OF YEAR	<u>\$2,767,517</u>	<u>\$1,200,098</u>

See notes to financial statements

LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2001 AND 2000

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$1,567,419	\$ (25,635)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	42,307	42,755
Changes in assets and liabilities:		
Due from Federal Government	(546,085)	344,617
Due from State of Maine	(351,772)	-
Accounts receivable	223,046	(147,722)
Note receivable	(1,280,000)	-
Prepaid insurance	-	8,707
Accounts payable	112,076	80,715
Accrued expenses	306,510	(65,201)
Deferred revenues	(69,894)	37,172
Advances from State of Maine	90,404	-
Advances from Federal Government	(102,826)	20,862
Total adjustments	(1,576,234)	321,905
Net cash provided by (used in) operating activities	(8,815)	296,270
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of equipment	(15,698)	(54,670)
Net cash used in capital activities	(15,698)	(54,670)
NET INCREASE (DECREASE) IN CASH	(24,513)	241,600
CASH - BEGINNING OF YEAR	2,399,072	2,157,472
CASH - END OF YEAR	\$2,374,559	\$2,399,072

See notes to financial statements

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS

TABLE OF CONTENTS

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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 a 12,100 foot runway, 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. On April 19, 2001, title to 2,805 acres of the original 3,600 acres was transferred to LDA. It is expected that title to the remaining acreage will be transferred to the LDA over the next 5 years. 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, as well as maintenance of buildings, grounds and roadways. Funding beyond September 30, 2000, 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 1,107 jobs by the year 2001, 1,174 by 2002, 1,240 by 2003, 1,307 by 2004, and 1,374 by 2005.
- 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. 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 thirteen (13) voting members, which are nominated by the Governor of the State of Maine and of which twelve (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.

The 3,600 acres of land, associated facilities, infrastructure and personal property received from the United States Air Force via a 55-year no-cost lease in furtherance of conveyance are not depreciated. On April 19, 2001, title to 2,805 acres of the original 3,600 acres was transferred to LDA. These assets were received at no cost and their fair market value is not readily determinable. In addition to the assets that were transferred to the LDA by the Air Force at no cost, the LDA has cumulatively invested approximately \$1.3 million in facility improvements in various facilities throughout the complex. Given the fact that the improvements were completed with grant proceeds, the costs have been reflected in the statements of revenues, expenditures and changes in retained earnings and not the balance sheets. 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 three years.

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's checking deposits at year-end were covered by Federal Depository Insurance Corporation (FDIC). The remaining deposits are in money market funds with an average maturity of 90 days or less. These money market funds are invested in short-term, high-quality debt instruments such as U.S. Government Obligations.

While the money market funds themselves are uninsured and subject to market volatility, LDA is covered by the Securities Investor Protection Corporation (SIPC) and an Excess Securities Bond for failures of the brokerage firm.

The LDA's cash balances in the financial statements are \$2,374,559 and \$2,399,072 as of June 30, 2001 and June 30, 2000, 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 balances at June 30, 2001 and June 30, 2000 were \$2,416,069 and \$2,447,745 respectively. The entire balance is classified as Category 1.

(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 for accrued vacations at June 30, 2001 and June 30, 2000 is \$58,820 and \$46,617, respectively.

(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 \$81,517 and \$75,730 for the years ended June 30, 2001 and June 30, 2000, respectively.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont.'d)

(6) 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.

(7) DEFERRED REVENUE

The LDA received advances of payments in lieu of taxes (PILOT) and rent, which have been characterized as deferred revenue in the accompanying balance sheets.

(8) PAYMENTS IN LIEU OF TAXES

The LDA assesses PILOT fees to 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, 2001 and June 30, 2000 were \$482,786 and \$454,620, respectively.

(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, 2001, and \$326,026 for fiscal year ended June 30, 2000. 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. The LDA has realized revenues for the years ending June 30, 2001 and June 30, 2000 in the amount of \$207,904 and \$141,000, respectively.

- (B) 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 and sewer 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, 2001 and June 30, 2000 was \$3,116,010 and \$2,246,023, respectively.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont.'d)

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

(C) Economic Development Administration (EDA) - 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, 2001 and June 30, 2000, the LDA realized revenues of \$103,323 and \$332,840, respectively.

On July 14, 2000, the LDA was awarded a \$1,300,000 grant to cover demolition costs for the three (3) year period of July 14, 2000 to July 14, 2003. The LDA must match this grant with \$575,000 of demolition and marketing related funding for a total project cost of \$1,875,000. Total funding for the period ended June 30, 2001 was \$677,789.

On May 14, 2001, the LDA was awarded a \$1,500,000 grant to cover additional demolition costs. The LDA must match this grant with \$643,000 of demolition and related funding for a total project cost of \$2,143,000. As of June 30, 2001, there had been no activity on this grant.

(10) CONCENTRATION OF RISK - FEDERAL/STATE FUNDING

The LDA received over 65% and 79% of its operating revenue from federal and state funding for the years ended June 30, 2001 and June 30, 2000, respectively. The ability to continue its operations is dependent on continued funding. The LDA does not currently anticipate reductions in its federal and state funding.

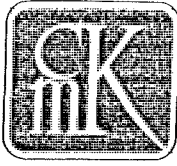
(11) SALE OF PROPERTY AND EQUIPMENT

On May 9, 2001, the LDA sold 5 parcels of land to Tin Cup Land Company, LLC for \$1,600,000, less \$1,912 in closing costs, resulting in a net sale price of \$1,598,088. LDA received \$318,088 in cash and financed the remaining \$1,280,000 in the form of a note payable in quarterly installments for a period of 15 years.

(12) PURCHASE OPTIONS

During the fiscal year ended June 30, 2001, the LDA entered into agreements with two third- parties that granted purchase options to these entities to purchase approximately 580 acres of land for the purpose of constructing multi-million dollar manufacturing facilities. The first purchase option expires on December 1, 2001, while the second purchase option expires on January 15, 2002. The LDA has received deposits totaling \$67,083 that are refundable to these entities under certain circumstances. These deposits are reflected as deferred revenue in the accompanying balance sheets.

ADDITIONAL REPORTS



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 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, 2001, and have issued our report thereon dated August 22, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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*.

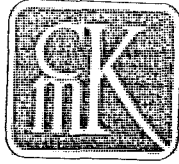
Internal Control Over Financial Reporting

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 solely for the information and use of the LDA Board of Trustees, LDA management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Chester M. Kearney". The signature is written in dark ink and is positioned to the right of the date and location text.

Presque Isle, Maine
August 22, 2001



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, 2001. 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 auditing standards generally accepted in the United States of America; 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.

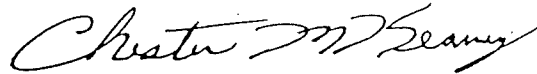
In our opinion, LDA complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

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 solely for the information and use of the LDA Board of Trustees, LDA management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Presque Isle, Maine
August 22, 2001

SUPPLEMENTARY INFORMATION

LORING DEVELOPMENT AUTHORITY OF MAINE

SCHEDULE OF MUNICIPAL-TYPE OPERATIONS AND FACILITIES MAINTENANCE

YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Utilities	\$1,288,978	\$ 882,990
Emergency Response	684,009	650,992
Public Works	407,850	474,030
Facility Maintenance	902,892	364,598
Administrative Support	259,866	252,951
Safety & Environment	41,844	53,226
Insurance	<u>58,764</u>	<u>62,643</u>
	<u>\$3,644,203</u>	<u>\$2,741,430</u>

LORING DEVELOPMENT AUTHORITY OF MAINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2001

FEDERAL GRANTOR PROGRAM TITLE	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF DEFENSE				
Air Force Base Conversion Agency				
Base Caretaker Cooperative Annual Grant #6	12.	\$ 2,640,000	\$ 792,862	\$ 792,862
Base Caretaker Cooperative Annual Grant #7	12.	2,535,000 *	<u>2,323,148</u>	<u>2,323,148</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>3,116,010</u>	<u>3,116,010</u>
U.S. DEPARTMENT OF COMMERCE				
Economic Development Administration				
Economic Adjustment Defense Long Term				
Economic Deterioration Implementation Grant				
# 01-49-03696	11.307	1,000,000	103,323	103,323
Economic Adjustment Assistance Grant				
# 01-49-07278	11.307	1,300,000	677,789	677,789
Economic Adjustment Assistance Grant				
# 01-49-07467	11.307	1,500,000	None	None
TOTAL U.S. DEPARTMENT OF COMMERCE			<u>\$ 781,112</u>	<u>\$ 781,112</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 3,897,122</u></u>

* Major Program

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2001

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 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, 2001

SECTION I - 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
12.unknown	Base Caretaker Cooperative Grant U.S. Department of Defense

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, 2000 that required follow-up in the June 30, 2001 report. There are no audit findings for the year ended June 30, 2001.

Loring Development Authority of Maine

*2001
Annual Report*

*Paragraph 1C:
Property Transactions*

*Loring Development Authority of Maine
Fiscal Year 2001 Annual Report
Paragraph 1C: Property Transactions during Fiscal Year 2001
July 1, 2000 through June 30, 2001*

The following property transactions took place during Fiscal Year 2001:

- The sale of the Limestone Country Club and 158 residential units on Loring was finalized on May 9, 2001. The property was purchased by Tin Cup Land Company and Avalanche Associates of Colorado, a partnership, represented by Craig Phair and Peter Weatherhead, operators of the Limestone Country Club since 1995.
- LDA entered into a lease agreement with Steve Bailey, owner of Bailey's Delicatessen of Caribou, for the expansion of deli operations into the newly renovated Building #5055 located at 170 Development Drive on Loring Commerce Centre.
- Loring's bowling facility, the Evergreen Family Recreation and Bowling Center, has reopened. LDA entered into a one-year lease with William Gyorfí and Maria Richardson for the operation of the facility, which hosts a number of leagues and tournaments.
- ACAP has renewed its lease and continues to operate its daycare facility.
- InterAmerican Air of Miami, Florida signed a license agreement for the use of the 41,000 square foot, former snow barn hangar for a short-term aircraft maintenance operation in August 2000. A DC-9 was brought to Loring for maintenance and retrofitting, preparing it for use by Vice-Presidential candidate Joseph Lieberman during his campaign.
- Hutchinson Sealing Systems, Inc. of Newfields, NH signed a license agreement for the use of Loring's airfield to conduct tests of the automobile seals that it manufactures.
- The LDA Board of Trustees authorized a lease agreement with the MEARNG to expand operations into Building #8713, a 115,013 square foot facility.
- The Maine Winter Sports Center entered into a lease agreement with the LDA, and occupies over 2,000 square feet of office and storage space in support of its Nordic Skiing, Biathlon and Alpine Skiing programs.
- Maine Army National Guard units frequently use Loring's facilities on a short-term basis for training and other activities.
- Individuals and community organizations make use of the former NCO Club on Loring, renting it on a daily, weekly or monthly basis. Leasees are responsible for all services and for cleaning the rooms and items that were used.
- Lamb Weston, a Kennewick, Washington based company, extended its option agreement period to December 2001. The company continues to wait for market conditions to improve

before making a decision on the option to purchase a 165-acre parcel on Loring on which to construct an \$80 million french-fry processing facility.

- Irving Forest Products, Inc. executed an option agreement for the purchase of 415 acres on Loring for the construction of a value added wood product manufacturing complex, with an estimated investment in excess of \$100 million. This option expires in February 2002 and Irving is waiting for market conditions to improve before making a decision about its option.

Loring Development Authority of Maine

*2001
Annual Report*

Paragraph 1D:

Activities of any

Special Utility District

Formed

Under Section 13080-G

NONE

Loring Development Authority of Maine

*2001
Annual Report*

Paragraph 1E:

*Listing of
Property Acquired
By Eminent Domain
Under Section 13080-G*

NONE

Loring Development Authority of Maine

*2001
Annual Report*

Paragraph 1F:

*Listing of
Bonds Issued*

NONE

Loring Development Authority of Maine

*2001
Annual Report*

Paragraph 1G:

Subsequent Events

and

Proposed Activities

for

Fiscal Year 2001

*Loring Development Authority of Maine
Fiscal Year 2001 Annual Report
Paragraph 1G: Subsequent Events (Through October 15, 2001)
and Proposed Activities for Fiscal Year 2002
July 1, 2001 through June 30, 2002*

Subsequent Events (July 1, 2001 through October 15, 2001)

A summary of the activities on the Loring Commerce Centre between July 1, 2001 and October 15, 2001 is provided below:

- *July 2001* – Loring International Airport was used once again in support of the Maine Readiness Sustainment Maintenance Center. On July 17, 2001 a C-5 airplane landed on Loring delivering military vehicles to be refurbished at the Center.
- *September 2001* – The LDA Board of Trustees approved a one-year lease extension for The Haven Inn with intention to discuss a long-term transaction within the year.
- *September 2001* – A one-year lease extension for the Evergreen Family Recreation and Bowling Center was approved. The Center has been operating successfully and a long-term agreement will be discussed at a later date.
- *September 2001* – An expansion of The Maine Army National Guard (MEARNG) Maine Readiness Sustainment Maintenance Center was approved. The Center will expand into Building #8712, bringing its total facility occupancy on Loring to about 379,000 square feet. Reorganized under the Maine Military Authority, the Guard can now expand its market and expects employment to increase from 180 to 400 people.
- *September 2001* – The LDA Board of Trustees supported a proposed lease with WPS Energy Services, Inc. The transaction will allow WPS to operate the former diesel power plant, under a 15-year lease, for the generation of electrical power that will be used to meet WPS's reserve power requirements and to provide backup power to Loring's tenants.
- *September 2001* – The LDA Board of Trustees supported the establishment of a proposed bioethanol facility on Loring. Loring BioEnergy, LLC intends to lease various facilities and to construct a plant that is projected to produce 15 million gallons of ethanol annually.
- *October 2001* – The LDA Board of trustees approved a lease agreement with F.A. Peabody / Pioneer Wireless Network for the use of the smokestacks on the former steam plant. The company will place antennae on the stacks as part of their wireless internet service network that will span Aroostook County from Houlton to Madawaska.
- *October 2001* – A transaction between The Telford Group, Inc. and the LDA was supported by the Trustees. The deal will allow Telford to use the facilities at Loring International Airport for aircraft disassembly, storage and maintenance. This operation is expected to expand and lead to more aviation developments. Telford expects to employ approximately 25 people initially and has scheduled interviews in October 2001. Over 100 applications were received in response to an employment ad for this operation.
- *October 2001* – Two contracts were awarded as part of the Arch Hangar renovation project. McGillan, Inc. was awarded a contract for \$108,000 to install two fuel tanks and associated piping and cathodic protection as part of the hangar's new heating system. The award of a second contract to Cyr Construction of Caribou for not more than \$308,568, was approved.

The company will repair the concrete decking on the hangar, preparing it for the installation of a new roof.

- *October 2001* – The LDA Board of Trustees accepted the Loring Development Authority's audit report for the Fiscal Year ended June 30, 2001 as prepared by Chester M. Kearney, Certified Public Accountants. The auditors issued an unqualified opinion and made no suggestions for improvements in internal control procedures.
- *October 2001* – At the request of the LDA, the State Planning Office completed a study of the impact that Loring has had on Maine's economy and determined that activity on Loring has contributed \$363 million (direct dollars) into Maine's economy since the LDA began to develop Loring in 1994. On an annual basis, the secondary impact of Loring based tenants generates \$74 million economic transactions; \$2 million in State Personal income Tax revenues; and \$1 million in State Sales Tax revenues.

Marketing Activities

The LDA continued to assertively market the Loring Commerce Centre on both a national and international level for the period July 1, 2001 through October 15, 2001.

Trade Show List for July – October 2001

September 4 – 7	Maintenance Repair & Overhaul Europe	Glasgow, UK
October 15 – 18	Aero Expo	Los Angeles, CA
October 20 – 25	International Development Research Council	Dallas, TX

Fiscal Year 2002 Funding

LDA Operational Funding: In July 2001, the LDA received an appropriation from the State of Maine in the amount of \$326,026.

Caretaker Cooperative Agreement Funding: On September 28, 2001, the Air Force Base Conversion Agency awarded the LDA Year 8 operational funding for the Caretaker Cooperative Agreement in the amount of \$2,187,000, plus the funding for a \$500,000 renovation of a water tank on Loring.

Loring Job Increment Financing Fund: On August 6, 2001, the LDA received \$207,350 from the State of Maine in connection with the Loring Job Increment Financing Fund for the year ended June 30, 2001. This funding will be utilized to subsidize future municipal type services when Air Force funding expires on September 30, 2004.

Federal Emergency Management Association Grant: The Federal Emergency Management Agency (FEMA) granted the Loring Development Authority Fire Department a \$16,808 grant for the purchase of fire fighting equipment. The grant will fund 90% of the cost for \$18,676 of firefighting equipment.

Maine Community Foundation: The LDA received a \$2,200 grant from the MCF in support of a workshop on entrepreneurship and enterprise facilitation presented by Dr. Ernesto Sirolli. The workshop was held at the Loring Applied Technology Center (LATC), immediately following the LATC open house.

Proposed Activities for Fiscal Year 2002

In addition to ensuring that our existing 20 tenants remain viable business entities, the LDA intends to carry out the following activities in fiscal year 2002:

- Facilitate the due diligence process with WPS Energy Services, Inc. in support of their proposed lease of the diesel plant for generating reserve and backup electrical energy.
- Facilitate the due diligence process with Loring BioEnergy, LLC in support of their proposed Bioethanol operation on Loring.
- Facilitate the due diligence process with Lamb Weston and secure an execution of the option agreement resulting in the construction of the contemplated \$80 million french-fry processing plant.
- Facilitate the due diligence process with Irving Forest Products, Inc. and secure an execution of the option agreement resulting in the construction of the contemplated value-added forest products manufacturing complex.
- Aggressively pursue aviation development at the Loring International Airport consistent with the niche markets identified by the community-based Aviation Task Force (i.e.: aircraft maintenance, repair, manufacturing and overhaul, aircraft storage and cargo operations).
- Take full advantage of the Loring Applied Technology Center, marketing the facility and its services to start-up businesses and entrepreneurs.
- Continue to respond to inquiries from private sector companies in the targeted market areas of aviation, telecommunications, value-added forest products manufacturing, food processing and industrial manufacturing.
- Complete the demolition of substandard structures on Loring, which creates opportunities for new construction.
- Continue to develop and enhance long-term funding strategies that will maximize our ability to reach our development objectives.
- Continue to garner local, regional and statewide support for development efforts.

Employment/Tenant Summary

As of September 30, 2001, there were 20 entities located at the Loring Commerce Centre providing employment for 1,030 people; living facilities for 118 employee dependents and 366 Job Corps students; and child care for 22 children, for a total of 1,536 people working, living and being cared for on Loring.

Loring Development Authority of Maine

*2001
Annual Report*

Paragraph 1H:

Further Actions Suitable

for

Achieving the Purposes

of this

Article

*Loring Development Authority of Maine
Fiscal Year 2001 Annual Report
Paragraph 1H: Further Actions Suitable for Achieving Purposes of this Article
July 1, 2001 through June 30, 2001*

Please see “Proposed Activities for Fiscal Year 2002” on page XXIII.

Loring Development Authority of Maine

2001 Annual Report

Attachments

- *Loring Development Authority
Board of Trustees*
- *Loring Development Authority
Development Staff*
- *Loring Commerce Centre Tenants*
- *Employment/Tenant Status Report*
- *Regional Map*

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 Albert L. Watt is a resident of Sinclair and a former educator and administrator in the Limestone School Department. Mr. Watt continues to serve various civic organizations.

Vice Chair 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.

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

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

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

Dana F. Connors is a resident of East Winthrop and President of the Maine State Chamber of Commerce.

Philip A. Cyr is a resident of Caribou and the Owner/Administrator of several area nursing homes.

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

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

Brian E. Thibeau is a resident of Hermon and is the Human Resources Director for the Penquis County Action Program.

Arthur H. Thompson is a resident of Limestone and 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.

James O. Donnelly is a resident of Brewer and a Regional Vice-President at Machias Savings Bank in Ellsworth.

Loring Development Authority of Maine Development Staff

President & CEO, Brian N. Hamel, provides executive oversight for the Authority's operations including, but not limited to, sales & marketing, finance & administration, property management, municipal functions (i.e.: police, fire, water/sewer, electrical distribution, ground and building maintenance), and government, public, tenant, and community relations. He serves at the pleasure of the LDA Board of Trustees.

Vice President & General Counsel, Carl W. Flora, serves 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 is responsible for securing necessary representation from LDA external legal counsel.

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

Manager of Property & Human Resources, Patricia M. Zenzius, is responsible for the administration and management of real and personal property, as well as all aspects of the LDA's human resources function (i.e.: benefits, insurance, payroll).

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

Executive Assistant, Donna M. Sturzl, is responsible for coordinating and administering the activities of and providing comprehensive support to the LDA's President & CEO and Vice President & General Counsel.

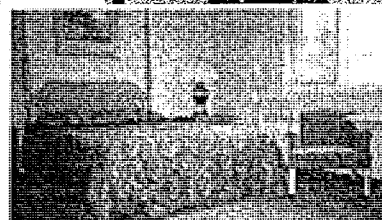
Office Clerk, Tammy L. Hartley, is the first point of contact for the public and carries out both reception and administrative responsibilities including greeting visitors, directing telephone calls, answering inquiries from the general public and providing support for the LDA staff.

Executive Director, Loring Applied Technology Center (LATC), Edwin E. Nickerson, manages all components of the LATC including small business attraction, development and support; financial administration; and participation on local and State boards.

Executive Assistant, LATC, Diane M. Martin, is responsible for assisting with the administration of the LATC including the policy development, tenant support, public relations, and marketing.

Loring Commerce Centre

Tenants



- **Defense Finance and Accounting Service Center (DFAS)**

The Department of Defense DFAS Limestone Operating Location officially opened for business in May 1995.

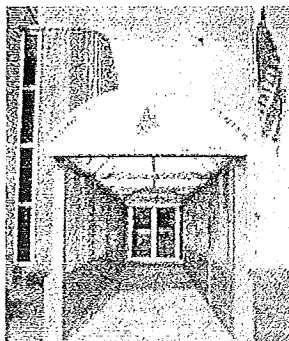
Located in a 145,000 square foot state-of-the-art office building, the Center currently employs over 300 associates out of an expected 550, with over 70% hired locally.



- **Loring Job Corps Center (LJCC)**

The Loring Job Corps Center, a part of the National Job Corps system, offers unique advanced training for youth ages 16-24. The Center welcomed its first of 380 students in January 1997 and provides training in recreation and outdoor wilderness trades, accounting, painting, Web page design, commercial driver's license (CDL) and certified nurse's aid (CNA) programs. Operated by the Training & Development Corporation of Bucksport, the LJCC employs over 130 people.

- **Maine Readiness Sustainment Maintenance Center**



The Maine Army National Guard (MGSMC) established a military vehicle refurbishment center at Loring in September 1997. It has since grown to over 200 civilian employees and is expected to have some more growth over the next year. The Center performs complete refurbishment of the High Mobility Multipurpose Wheeled Vehicle (HMMWV), 5-Ton Trucks, D-7 Dozers and Mobile Kitchen Trailers (MKT). The Center also has a Controlled Humidity Storage Program for M109 Howitzers and Engineer Equipment. The Center is presently using 8 buildings at Loring with the administrative offices at 32 Connecticut Road in building 8713.

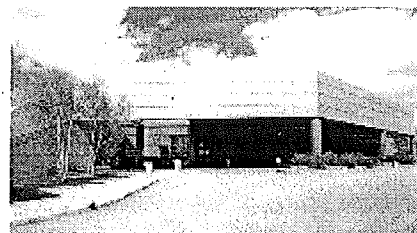
U.S. Fish & Wildlife National Wildlife Refuge

In 1998, the U.S. Fish & Wildlife Service received 4,700 acres of the former base to establish the Aroostook National Wildlife Refuge. The refuge is a part of the National Wildlife Refuge System, a network of lands set aside specifically for the protection of wildlife and its habitat. The refuge protects wetland, grassland, and northern forest habitats for migratory birds and endangered species. The Friends of the Aroostook National Wildlife Refuge support the

refuge's programs through education, fundraising and volunteer projects.

- **SITEL Corporation**

The global leader in outsourced telephone-based customer service, SITEL expanded its Insurance Sales and Services division call center operations in early 1998 in the 48,000 square foot Fortune Building at the Loring Commerce Centre. Sitel is ramping up its operations to employ 350 people, with expansion possibilities well beyond 500 people.



- **Hydroblend, Inc.**

Hydroblend, Inc. of Nampa, Idaho occupies a 40,888 square foot former warehouse building at the Loring Commerce Centre. Hydroblend is a privately owned company which formulates and blends a variety of dry batter products in the food industry and also offers a line of dry mix products for resale.

- **MacDonald Enterprises**

Loring's first manufacturing tenant expanded its operations to the Loring Commerce Centre in the summer of 1996. This value-added wood products manufacturer makes quality wood products for distribution to retailers, as well as via mail order and currently employs eight. MacDonald recently opened an on-site retail outlet which features their products.

- **S & G Growers**

S & G Growers occupies a 9,900 square foot building for the production of strawberry seedlings and transplants.

- **International Sourcing, Inc.**

As a wholesale distributor of specialty heavy equipment parts, International Sourcing operates its business in a 4,800 square foot building at Loring and employs four people.

- **Aroostook County Emergency Management Agency**

The Aroostook County Emergency Management Agency occupies 3,200 square feet at Loring for the operation of Aroostook County's Emergency Operations Center.

- **Evergreen Family Recreational Center**

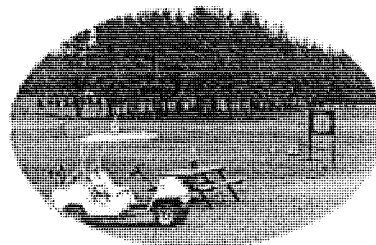
This 22-lane, 10-pin bowling center is open to the public and offers league bowling, birthday parties and special events throughout the year. The bowling center also has tennis courts and horseshoe pits available.

- **The Maine Winter Sports Center (MWSC)**

The MWSC is a newly formed non-profit corporation tasked with establishing first-class Nordic Skiing, Biathlon and Alpine Skiing facilities and programs in central and northern Aroostook County. MWSC is initially focusing its efforts on raising awareness of the three sports and stimulating the aspirations of Maine youth with a by-product of producing world-class athletes and hosting major international competitions.

- **Limestone Country Club and Townhouses**

Limestone Country Club is a nine-hole golf course and is open in the winter months for snowmobiling and cross-country skiing adventures. In connection with their four-season operation, the proprietors of the Country Club also operate long and short-term rental units for use by Aroostook County residents, visitors and tourists.



- **The Haven Inn**

This hotel facility offers first class accommodations for the general public, persons doing business with the Loring Development Authority and to those affiliated with or doing business

with entities located at Loring. The Haven Inn has 18 suites and 6 single rooms and serves a continental breakfast daily.

- **Beauty Unlimited**

This full service beauty salon commenced operations in June 1997 and offers its services for Loring's tenants and the surrounding communities. Beauty Unlimited is open six days a week.

- **Loring Health Center**

Operated by Pines Health Services, The Loring Health Center provides convenient outpatient health care and weight management program services for Loring's employees and area residents.

- **Loring Fitness Center**

The Loring Fitness Center is operated by the Loring Development Authority and is housed in a 15,000 square foot complex. The facility offers a multi-purpose gymnasium, three racquetball courts, two exercise rooms with Nautilus and aerobic equipment and free weights, as well as locker rooms and office space.

- **Loring Child Care Center**

The Aroostook County Action Program (ACAP) provides on-site day care services for children ages 8 weeks through 13 years. Open 6 a.m. - 6 p.m. Monday through Friday, the center provides nutritious meals and organized activities throughout the day.

- **Bailey's Delicatessen**

Located at 170 Development Drive on Loring, Bailey's Delicatessen offers eat-in, take-out and catering services. Business hours are 11:00 a.m. - 6:00 p.m., Monday to Friday.

If you would like more information on any of these businesses, call the Loring Development Authority!
Your business could be listed here!



Loring Commerce Centre
Loring Development Authority of Maine
154 Development Drive Suite F
Limestone, Maine 04750-6122
(207) 328-7005 (phone)
(207) 328-6811 (fax)
lda@loring.org

| [Current Events](#) | [Loring at a Glance](#) | [Tenants](#) |
| [Facilities](#) | [Community Life](#) | [Incentives](#) | [Perfect Environment](#) | [Request for Information](#) |

LORING DEVELOPMENT AUTHORITY
MONTHLY EMPLOYMENT/TENANT ACTIVITY REPORT
September 30, 2001

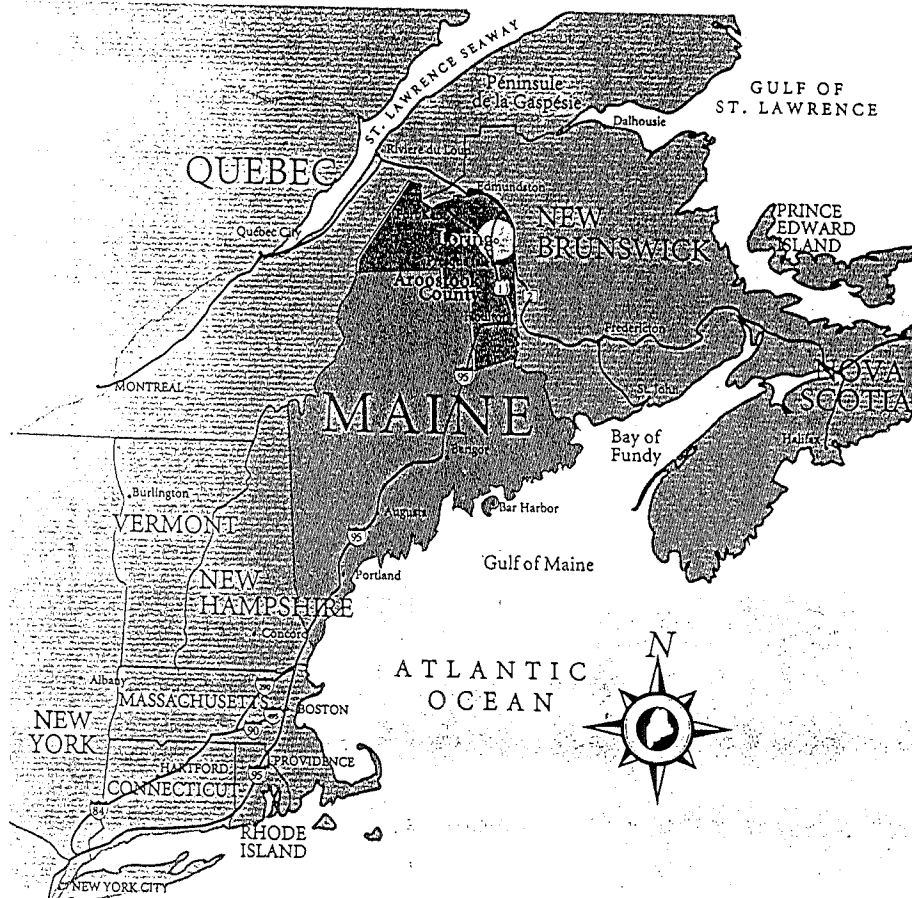
DEVELOPMENT ACTIVITIES

REUSE ACTIVITY	TYPE	JOBS/RESIDENTS			PROPERTY ABSORBED	
		Prior Month	Current	Projected	Bldg SF	Acreage
PRIVATE SECTOR						
ACAP Day Care	Service	6	6	11	6,817	2
Bailey's Delicatessen	Service	3	3	6	1,500	0.5
Beauty Unlimited	Service	3	3	3	1,900	1
Evergreen Family Recreation	Recreation	14	14	16	19,844	2
Haven Inn	Hotel	9	9	11	21,995	3
Hydroblend, Inc.	Manufacturing	7	7	30	40,888	2
International Sourcing Inc	Commercial	5	5	5	4,824	1
Limestone Country Club	Recreation/Residential	14	10	20	326,685	300
Loring Applied Technology Ctr	Commercial	2	2	2	42,075	3
Loring Health Center (Cary)	Health Care	4	5	7	2,000	1
MacDonald Enterprises	Manufacturing	9	5	12	16,900	2
Maine Winter Sports Center	Recreation	6	6	7	2,012	0
Sitel Insurance Services	Call Center	294	285	352	47,783	12
S & G Growers	Agricultural	13	7	25	24,260	2
TOTAL:		389	367	507	559,483	331
PUBLIC SECTOR						
Aroostook County EMA	Service	3	3	4	3,184	1
Bureau of Indian Affairs(Micmacs)	Indian Affairs	0	0	0	0	425
DFAS	Office	276	276	325	142,400	15
Maine Army National Guard	Vehicle Refurbishment	180	189	400	356,490	21
TDC (Loring Job Corps Center)	Educational/Office	139	142	147	270,222	42
US Fish & Wildlife	Wildlife Refuge	2	2	3	8,600	3,886
TOTAL:		600	612	879	780,896	4,390
LDA-Caretaker-Subcontractors	Development	51	51	51	98,556	10
TOTAL EMPLOYMENT:		1,040	1,030	1,437	98,556	10
RESIDENTIAL						
DFAS/SITEL/LJC/NG	Dependents	118	118	125		43
Job Corps	Students	365	366	390		
ACAP Daycare	Enrollment	27	22	50		
TOTAL RESIDENTIAL:		510	506	565		
GRAND TOTAL		1,550	1,536	2,002	1,438,935	4,774
Total Available Space:					3,220,126	8,702
% Committed					45%	55%

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.

From a regional, national and international perspective,

Loring is an excellent location for many industries.



Loring Connections:

United States	Highway miles	km	Air miles*	International Air Miles*	
Bangor, ME	175	280	135	from Loring	from Logan (Boston)
Portland, ME	308	493	237		
Boston, MA	415	667	332	London	2613 2887
Hartford, CT	508	813	400	Rome	3341 3615
New York, NY	625	1000	505	Frankfort	2962 3228
Philadelphia, PA	731	1170	594	Madrid	3038 3296
Washington, DC	864	1382	707	Athens	3902 4176
Canada				Paris	2780 3054
Fredericton, NB	128	205	80	Cairo	4585 4782
Moncton, NB	248	397	140	Riyadh	5290 5564
St. John, NB	190	304	130	Tokyo	5760 5904
Halifax, NS	414	662	220	*Nautical miles. Assumes climb to 35,000 feet and cruise at Mach .789. Distances approximate.	
Charlottetown, PE	345	552	200		
Riviere du Loup, PQ	130	208	85		
Quebec, PQ	240	384	155		
Montreal, PQ	300	480	260		
Ottawa, ON	526	845	340		
Toronto, ON	703	1125	535		