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LORING DEVELOPMENT AUTHORITY  
OF MAINE

2004 ANNUAL REPORT





October 27, 2004

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

Dear Mr. Boulter:

Pursuant to "Section 13080-L Annual Report" of the Loring Development Authority of Maine's (LDA) enabling legislation, enclosed please find a complete report on the activities of the LDA for fiscal year 2004 ended June 30, 2004 and subsequent events for fiscal year 2005 through October 15, 2004.

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

Very truly yours,

Carl W. Flora  
President & CEO

Enclosure

cc: Senator Lynn Bromley, Chair, Business Research and Economic Development Committee  
Representative Nancy B. Sullivan, Chair, Business Research and Economic Development Committee

OCT 29 2004





To the Citizens of the State of Maine:

At its annual meeting on June 9, 2004, the Loring Development Authority of Maine (LDA) commemorated ten years of progress that has taken place since the Air Force officially closed Loring Air Force Base in the fall of 1994. This event gave us a rare opportunity to review not only recent developments over the past year, but the broad progress we have made on a variety of fronts over the decade. Every new business development we see today is a positive step made possible only by good foundation building in the early days. That foundation will allow us to take advantage of development opportunities for years to come.

Some of the important components of our foundation are as follows:

Two “anchor” federal projects (Defense Finance and Accounting Service, beginning in 1995, and Job Corps, beginning in 1997) opened their doors and created over 400 jobs, utilizing 11 buildings at Loring.

In 1997, the LDA gained effective control of the Loring property through a 55 year “Lease in Furtherance of Conveyance”. The long-term nature of this lease provided the assurance that private-sector businesses would need in order to justify making significant investments at Loring. Shortly after this, the LDA announced its first major private sector business deal with Sitel Corporation, which employs over 200 persons.

In 2001, the LDA acquired title to approximately two-thirds of the property previously held under the 55 year Lease. This paved the way for real estate transfers and began the process of returning property to the local tax base. A golf course and 158 units of family housing together with undeveloped acreage were sold to a private developer in 2001. The balance of the real estate, which contains most of the commercial and industrial buildings at Loring, is expected to be transferred to the LDA by December 31, 2004.

Our efforts have focused on the continued placement of enterprises in manufacturing; wood and agriculture/food related value-added processing; aviation, and telecommunications sectors. Over the past year, we have assisted a large Canadian firm, Pattison Sign Group, to open its first manufacturing facility in the U.S., creating a projected 100 new jobs with over 65 of those jobs already in place. Telford Aviation Services has expanded the range of aviation-sector activities it’s involved in, which includes a long-term aircraft storage program; aircraft parts distribution; aircraft maintenance, repair and overhaul; and a testing and development program for the for unmanned aerial vehicles. Telford has also brought Loring’s formidable aviation facilities into the spotlight with two large aerospace firms with whom it works: Volvo

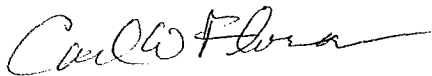
Aerospace and Science Applications International Corporation. This past year has also seen considerable expansion in the workforce of the Maine Military Authority, which refurbishes "Humvee's" and other military vehicles and equipment, and now employs over 300.

As we look at where we stand today, in contrast to the bleak day in September 1994 when the Air Force left Loring Air Force Base literally vacant, Loring is a busy industrial and commercial center and is the home to over 20 new employers, almost 1200 new jobs, all of which collectively generate an estimated gross annual payroll of over \$27 million.

September 2004 marked the end of long-term "Caretaker" funding, a precedent-setting agreement negotiated with the Air Force, which allowed the LDA to maintain Loring's unoccupied buildings in marketable condition pending their reuse, and to keep Loring's operating systems functioning in support of redevelopment. More than 1.7 million square feet of building space is now occupied and revenue generated from leasing and sales activity, together with on-going financial support from the State of Maine, is projected to enable the LDA to continue to operate Loring's infrastructure on a day-to-day basis.

With the unwavering commitment of the LDA's Board members, along with continued financial and moral support from Maine's Legislature and Governor, the LDA will serve as a powerful regional economic engine for years to come, benefiting not only Aroostook County, but the entire state as well. An investment in Loring will help to secure a better future for us all.

Respectfully submitted,

A handwritten signature in cursive script, reading "Carl W. Flora". The signature is written in dark ink and is positioned above the printed name and title.

Carl W. Flora  
President & CEO

**Paragraph 13080-L  
Fiscal Year 2004 Annual Report  
July 1, 2003 through June 30, 2004**

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**Loring Development Authority of Maine  
2004 Annual Report**

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

**Loring Development Authority of Maine  
Fiscal Year 2004 Annual Report  
Paragraph 1A: Description of the Authority's Operations and Status Report  
July 1, 2003 through June 30, 2004**

In the ten years that the Loring Development Authority (LDA) has been working to develop the properties on Loring Commerce Centre, over 1,100 jobs have been created by the twenty-one businesses located on site. Employers on Loring represent the industrial, manufacturing, agriculture, forestry, back-office, education, recreation and aviation sectors. Accomplishments realized on Loring in fiscal year 2004 and through October 15<sup>th</sup> in fiscal year 2005 are presented in this report.

**FISCAL YEAR 2004 GOALS AND ACCOMPLISHMENTS:**

The following summarizes the LDA's accomplishments for fiscal year 2004, which support its primary mission of job creation and facility absorption on Loring Commerce Centre.

Telford Aviation recently completed work on its first two turboprop airplanes that underwent heavy maintenance/overhaul procedures. This helps to position Telford and Loring International Airport as a center for operations such as aircraft maintenance, overhaul, painting, testing, development, and disassembly. With large hangars and an aviation complex not available elsewhere in the northeast, such activities have the potential to put our aviation assets to work supporting many high-quality aviation jobs.

Telford and SAIC (Science Applications International Company) have begun the process of establishing an unmanned aerial vehicle (UAV) project on Loring. Telford is readying two airships for flight testing at Loring. The remotely-piloted airships will carry a payload of sophisticated surveillance equipment for use in military and homeland security applications. The ultimate goal would be to become the east coast site for a UAV testing and development center, creating many quality, high-tech jobs.

Considerable work has been done in connection with the establishment of instrument flight capabilities for the airport. An informal flight test of Loring International Airport's Instrument Landing System, conducted with the help of Telford Aviation, confirmed that the equipment has been successfully restored to operational condition. Another component of the instrument capabilities is a non-directional beacon (NDB), which has been installed at a site located about 6 miles south of Loring in Fort Fairfield. This brings LDA one step closer to securing Instrument Landing System (ILS) certification for Loring and to developing our aviation assets to the fullest potential.

Voters in Maine approved the Maine Department of Transportation Bond that includes \$1 million for renovation of the Arch Hangar. This project will include additional electrical upgrades and renovation of office and shop space in the hangar. The Aroostook County Legislative delegation worked persistently to secure the funding for the project, which will help retain current aviation related jobs and will support aviation expansion and new jobs.

The Pattison Sign Group, of Edmundston, New Brunswick, Canada, located its first U.S. manufacturing facility on Loring. Pattison designs and manufactures custom electric signs



such as those used by automobile dealerships, banks and many other businesses. Approximately 50 new jobs have been created and the company intends to expand its capacity on Loring as it expands its market in the U.S. Pattison projects employing up to 100 people in this facility.

The August 1 – 4 Phish “It” Festival was very successful. Approximately 60,000 tickets were sold and Loring’s large airfield became a campground for the thousands of fans as it had before for the 1997 & 1998 Phish festivals. Although traffic congestion was a problem, the community was very supportive of the event, which brought an estimated \$25 million into Maine’s economy and \$500,000 to the LDA for use in aviation infrastructure improvements.

Loring Bioenergy, Inc. (LBE) executed an option agreement for the lease/purchase of the former steam-heat plant and surrounding property, where it proposes to operate a 65-megawatt electric generation and steam production facility. The project will supply electricity into the region’s grid and provide steam to support manufacturing at Loring Commerce Centre. If the option is exercised, LBE will use the Searsport to Loring pipeline to bring natural gas to Loring to fuel the plant and may sell any excess gas at industrial sites along the pipeline corridor.

LDA Board approved an amendment to the Economic Development Conveyance agreement to include the Bangor to Loring segment of the Searsport to Loring Pipeline. The LDA anticipates receiving title to the interests of the United States in the pipeline, and associated easements, rights of way and fee-owned properties, including the section from Searsport to Bangor.

LDA has concluded research of the real estate records and prepared a property description needed to facilitate the transfer of the southerly segment of the pipeline. This information, together with a request that the 26 mile segment be transferred to the LDA, is before the Air Force in Washington. Work on the northerly segment is nearing completion. LDA anticipates that a deed to the northerly segment of the pipeline will follow soon after deed to the southerly segment is secured.

An act to amend the laws governing the Loring Development Authority of Maine, L.D. 1880, was signed by Governor Baldacci on April 6, 2004. The legislation makes changes to the LDA’s statute and brings it into line with the bonding authority of other State entities that can issue bonds. The changes will allow LDA to issue up to \$100 million of moral obligation bonds to support new projects. This bonding authority could support projects such as the proposed Loring Bioenergy project.

Maine Lighthouse Corporation (MLC) and LDA are working with the Maine Substance Abuse Office and Wes Davidson, Executive Director of the Aroostook Mental Health Center while due diligence continues on the Maine Lighthouse Corporation’s therapeutic center project. Governor Baldacci supported the project with a letter to the Congressional delegation members, encouraging them to work with MLC and help determine if there is federal funding available for this project. LDA and MLC representatives met with philanthropists and others interested in assisting with the development of the MLC project. The center would occupy the hotel on Loring, the former NCO club and is considering the use of other facilities.

LDA is working with Maine Emergency Management Agency (MEMA) on a proposal to locate a Fire Training Academy on Loring, making use of the former alert facility, the crash fire station and possibly other buildings such as a dormitory and the former base operation facility. The academy would be used to train firefighters from throughout New England.

Over 900 acres on Loring were included in the State's Pine Tree Zone Program. PTZ will provide incentives to qualifying businesses located in the zone. The Town of Limestone submitted the property on Loring, including open land, existing buildings and businesses, for inclusion in the PTZ.

Maine Military Authority expanded its military vehicle refurbishment operations and added a second shift, resulting in an expansion from approximately 180 to 300 full time employees. It also established a student internship program in partnership with Northern Maine Community College.

Hydroblend, Inc. of Nampa, Idaho exercised its option for the fifth year of its lease agreement for a 40,888 square foot former warehouse building at the Loring Commerce Centre.

MWH Americas, Inc. entered into a lease for the use of two 2000 square foot buildings. MWH is an environmental contractor working for the Air Force at Loring.

A lease agreement for the bowling center was executed with a new operator. The bowling center opened in October 2003 and hosted recreational bowling, as well as leagues through May. It is the only 10-pin bowling center in northern Maine.

Maine Winter Sports Center (MWSC) expanded into an additional office on Loring. The International Biathlon Union (IBU) selected MWSC to host the 2004 Biathlon World Cup competition. The event, held in Fort Kent, Maine, was broadcast across Europe and the U.S. and was remarkably successful.

Pneu-Hydro Energy leased 2,400 square feet of space in the Loring Applied Technology Center (LATC), a business incubator, for its initial R&D and start up operations. The company is part of a New York corporation that will be conducting research and development and the potential manufacture and commercialization of a hybrid energy source.

Maine Street Flour, a start-up company located in LATC developed a stone ground flour milling operation and began marketing its products locally in May. The company currently sells a variety of flours and flour based mixes made with locally grown crops.

Other companies making progress in the LATC include New England Grain Brokerage & Retailers; LaForest Custom Cabinets; and Robin's Chocolate Sauce.

LDA and US Fish & Wildlife Service agreed to a land swap that will resolve an issue that threatened the public's continued use of Nebraska Road, which provides an important means of access to Loring Commerce Centre from the north and west. The LDA agreed to

swap about 30 – 40 acres of wooded property on Loring for the approximate one-mile section of Nebraska Road.

The U.S. Department of Interior awarded the LDA Fire Department a \$15,000 grant to assist with the purchase of a pickup truck that will be outfitted with fire fighting equipment and used to service the 4,700 acre Aroostook National Wildlife Refuge. The grant was matched with \$2,644 in cash and equipment valued at \$14,781.

New communication equipment was installed on site in support of emergency services on Loring. The new equipment is used to keep firefighters in contact with each other and with dispatch at all times.

The Corey Child Care Center, Damon School, Buildings #8820 & #8830, eight nosedock hangars and the unoccupied housing units on the west end of Manser Drive were demolished. The buildings were rapidly deteriorating and the hangars were in excess of the needs on Loring. The demolition projects have helped to prevent blight and create attractive sites for new construction.

These accomplishments in addition to our past successes have resulted in the expected creation of approximately 1,500 jobs and the absorption of over 1.7 million square feet of facility space. Approximately one million square feet of facility space remains available for development as well as hundreds of acres of open land that is ready for new construction with municipal infrastructures in place, making Loring a valuable tool for continuing economic development efforts in Maine.

## **MARKETING EFFORTS**

LDA's extensive marketing efforts, including nine years of attendance at numerous tradeshow, resulted in "brand name recognition" for Loring nationally and internationally. Consequently it can now capitalize on its positive image as a reputable organization and on the success of the businesses on Loring as it continues to pursue industries found suitable for Loring. Those industries include agriculture/food processing; forest products; information based companies; large space users; transportation & distribution; aircraft maintenance, repair & overhaul (MRO); air cargo operations and other niche markets.

Current marketing efforts include the development of a new brochure for Loring Commerce Centre, which will be distributed to parties with a tangible interest in doing business on Loring. LDA also makes use of the internet to market Loring's assets. Facilities conducive to telecommunication operations posted on [www.callcentersite.net](http://www.callcentersite.net) and LDA's website, [www.loring.org](http://www.loring.org), provide information about Loring, Aroostook County and the State of Maine. Additionally, the LDA seeks to realize the maximum impact from the marketing efforts of various organizations in Aroostook County and the State of Maine by working collaboratively for the benefit of the region and the entire state.

LDA's marketing efforts are largely funded through a State appropriation. These efforts were, and continue to be, instrumental in successfully establishing various industries on Loring and leading to the creation of a diversity of employment opportunities. Industries represented on Loring include forestry, agriculture, manufacturing, commercial, recreation, health care,

telecommunications, data management, finance, mechanics, education, conservation and the aviation industry.

## **OTHER ACTIVITIES & EFFORTS**

**New Drinking Water Supply.** LDA is working with the Air Force to ensure Loring has a dependable drinking water supply. The Air Force has a long-term legal obligation to provide potable water to the many areas at Loring where ground water is contaminated. Drinking water at Loring Commerce Centre comes from the LDA's surface water treatment plant on the Little Madawaska River, but the plant is old and in need of major upgrades in order to meet new drinking water regulations that will come into effect in January 2005. Representatives of the State of Maine's Drinking Water Program, Air Force engineers, the LDA—including our plant operators and engineering consultant—and the Maine Department of Environmental Protection developed a consensus that a well in the vicinity of the of the existing Little Madawaska River treatment plant offered the greatest promise for a good supply of water at a reasonable cost. If all goes as planned, by the end of 2004, the Air Force will have developed a new high capacity well which will be tied into the existing water transmission line at our water plant.

**Municipal Service Fees.** LDA is working with Senator Collins to resolve a problem encountered last year when LDA's federal tenants determined that they lacked adequate legal authority to continue making a financial contribution toward the cost of police, fire, ambulance and roadway plowing and maintenance, which are municipal-type services provided by the LDA. From a financial point of view, it's imperative that LDA obtain these fees in order to avoid compromising the delivery of important public safety services. The LDA does not have the power to impose real estate taxes and therefore seeks an equitable contribution towards these costs from all users of buildings and facilities at Loring. Senator Collins has submitted language to the Senate Armed Services Committee to be included in the 2005 Defense Reauthorization bill. This language directs the federal entities to negotiate municipal service fees with the LDA, but no agreement has yet been reached.

**Regional Wastewater System Project.** LDA, the Town of Limestone and the Maine Department of Environmental Protection are working together on a significant wastewater system upgrade project that will support the needs of both Limestone and Loring and will help ensure compliance with environmental regulations. This is a regional project whereby Limestone's wastewater system would be connected with Loring's system and both would be discharged in a more environmentally-sound manner into the Aroostook River, with a possible tie-in with Caribou, as well. A bond issue, authorized by the legislature and approved by the voters will be needed in order for this project to go forward. The initial phase of this project was included in various versions of the bond package that ultimately failed to receive Legislative approval.

**Shared Municipal Services and Shared Revenue.** LDA and the Town of Limestone continue to discuss the consolidation of municipal services, as property on Loring is transferred to local tax rolls.

**Fire Department Award.** The Loring Fire Department received a Life Safety Achievement Award for the year 2003. The award is given by the Residential Fire Safety Institute in recognition of fire prevention activities that contribute to reducing the number of lives lost in residential fires.

**Aroostook Partnership for Progress (APP).** APP, an economic development organization based on public / private partnership principles, is investigating the feasibility of locating an air cargo facility at Loring that would support homeland security efforts.

**Proposed Transfer Of Property.** The LDA recently responded to a request by the Bureau of Indian Affairs (BIA) for comments to the proposed transfer of property on Loring to the BIA, to be held in trust for the benefit of the Aroostook Band of Micmacs. Portions of this property lies within the airfield “clear zone” and development of these areas could conflict with aviation. LDA proposed a land use agreement that would resolve the question of incompatible uses, and, alternatively, we have offered to discuss a possible exchange of this land for other Loring property currently owned by the LDA.

**DFAS Leaseback.** The Defense Finance & Accounting Service (DFAS) center building and associated grounds on Loring will be transferred from the Air Force to the LDA and subsequently leased back to the Air Force at no cost. This is to be accomplished under a new military base closure law that allows for the “sale and leaseback” of federal properties to local reuse authorities.

**Sale/Auction of Excess Personal Property.** LDA continues to post a link on its website, Surplus Personal Property, Equipment & Vehicles for Sale & Auction, in an effort to reduce its inventory of excess personal property. Smaller items such as office furniture and equipment are being sold for a fixed price and larger items such as vehicles are being sold by bid.

**Forestry Program.** The Maine Forest Service (MFS) and the LDA 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. Tree and wood lot management workshops have been held and selective tree harvest operations have taken place.

**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 officials, business and media representatives, and private groups have visited and toured Loring each year and left with a new perspective. Seeing the entire complex with its ongoing activity and opportunities for new developments fosters an understanding of the magnitude of this economic development project in a way that words and pictures cannot convey.

**Congressional Delegation.** LDA continues to work closely with its members of Congress, upon whom it relies for assistance and advocacy in Washington on a variety of federal issues. LDA hosted a tour of Loring for U.S. Senator Olympia Snowe, focusing on aviation development and Maine Military Authority (MMA) operations. Senator Snowe noted LDA’s proactive approach to business development and the resulting successful creation of jobs.

**U.S. Army Materiel Command (AMC).** General Paul J. Kern, Commanding General, AMC, visited the MMA vehicle refurbishment operations on Loring and is exploring the feasibility of securing MMA support for AMC.

**LDA President & CEO.** Brian Hamel, LDA President & CEO since 1994, has begun a long-term leave of absence from the LDA. In his absence, LDA Vice President & General Counsel, Carl Flora, was appointed President & CEO and Loring Applied Technology staff, Ed Nickerson, Executive Director, and Diane Martin, Executive Assistant, are assuming additional responsibilities. Additionally, LDA is using consultants as necessary to assist with various projects.

## **LDA FUNDING**

**State of Maine:** In July 2003, the LDA received an appropriation from the State of Maine for \$319,505. This funding continues to be used for match funding for grants from the Economic Development Administration and for marketing and operating expenses. The State also provided \$40,000 for operating expenses at the Loring Applied Technology Center through fiscal year 2004.

**Maine Department of Transportation:** In November 2003, the Department of Transportation Bond, containing \$1 million for improvements to Loring's Arch hangar, was approved by voters. The funding will be used to further renovate the 144,500 square foot hangar, supporting expansion of the aviation industry and creation of related jobs.

**Office of Economic Adjustment:** In October 2003, the Department of Defense Office of Economic Adjustment granted the LDA a \$300,000 operations grant that requires a match of \$333,334.

**Caretaker Cooperative Agreement Funding:** On September 30, 2003, the Air Force Real Property Agency awarded the LDA year-10 operational funding for the Caretaker Cooperative Agreement in the amount of \$1,817,500. This was the final year of the Caretaker Agreement; LDA will no longer receive Air Force funding.

**Tax Increment Financing Fund:** The Loring Tax Increment Financing (TIF) Program provides the LDA with 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 to this fund for fiscal year 2003 totaled \$337,545. These funds are used to fund municipal service costs, grant match costs and 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 2004, the LDA received revenues from its tenants, from the sale of personal property and from miscellaneous revenues in the amount of \$961,491.

**Katahdin Trust Company:** The LDA secured a \$1,000,000 line of credit from Katahdin Trust Company to support development efforts. To date no borrowing has been made on this line of credit.

As LDA moves beyond its first ten years of development work on Loring, it continues to attract new prospects, while supporting the existing Loring based business, which have created over 1,100 direct jobs and contributed to the creation of approximately 1,200 indirect jobs. There remains much potential for additional developments on site with approximately one million square feet of building space available and hundreds of acres of open land that are ready for new construction with municipal and utility infrastructures in place.



## **LORING COMMERCE CENTRE TENANTS**

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

**Pattison Sign Group:** Pattison Sign Group is part of The Jim Pattison Industries Ltd., based in Vancouver B.C. and is one of Canada's largest privately held companies. The company designs and manufactures custom illuminated signs such as those used by banks, new car dealerships and many other businesses. Pattison established its first U.S. manufacturing plant on Loring, beginning operations in April 2004 and is currently working to fulfill a contract to supply hundreds of signs to a prominent automobile manufacturing company. Over 60 people work in this new facility and employment is expected to continue to grow.

**Telford Aviation Services, Inc.:** Telford Aviation and its partners are making use of one of Loring's greatest assets, its 1,200-acre aviation complex. Telford in partnership with Volvo Aero Services expanded its aviation services operation to Loring where it operates an aircraft storage, maintenance, disassembly, recycling and parts warehousing operation. Telford has also partnered with SAIC (Science Applications International Company) to establish a UAV (unmanned aerial vehicle) project on Loring. The project, which includes the development and testing of unmanned aircraft such as blimps or airships, has to date received \$1.5 million of federal funding. Telford employs seven people; more jobs are expected as the operations expand.

**Maine Winter Sports Center (MWSC):** MWSC and northern Maine received international recognition this year when the exceptionally successful 2004 Biathlon World Cup event was held at the MWSC's 10th Mountain Division Center in Fort Kent. The event brought thousand of people to the area and was televised across Europe and the U.S. The International Biathlon Union selected MWSC to host another prestigious event, the 2006 Biathlon World Junior Championship, which will be held at the Nordic Heritage Center in Presque Isle. MWSC has also successfully established Nordic skiing, biathlon and alpine skiing programs schools and communities throughout Aroostook County, supporting its goal of reestablishing skiing as a lifestyle in the region, while contributing to the regional economy. This project started with a visit to Loring Commerce Centre in 1999 and, with the support of the Libra Foundation, has expanded significantly in the County and other areas of Maine. MWSC employs sixteen people.

**Maine Military Authority:** The Maine Military Authority (MMA) operates the Army National Guard's Maine RS Maintenance Center where vehicles such as military humvees (HMMWV – high mobility multipurpose wheeled vehicles) are refurbished. In November 1997 the operation began with one production line in two buildings, 20 employees and a \$4 million budget. Today it has four production lines in eight buildings, employs 303 people, has a budget of a little over \$40 million and is ISO certified. Capacity today is 115 HMMWV's per month and average of 14 pieces of engineering equipment – concrete mixers, graders other construction equipment. Current projects include the HMMWV line, Howitzers and portable laundry units. Being organized as MMA allows the center to perform work for customers other than the National Guard Bureau.

**Defense Finance and Accounting Service (DFAS) Center:** The DFAS center operates out of a first-class, 145,000 square foot facility where its employees have consistently performed with excellence since 1995. The center is responsible for finance and accounting for the U.S.

Air Force Combat Command, serving several bases and Air National Guard units across the U.S. and in foreign countries. 312 jobs have been created by this operation.

**Loring Job Corps Center:** The Loring Job Corps Center (LJCC), operated by the Training and Development Corporation (TDC) from Bucksport, Maine, continues to offer successful education and job training programs. LJCC is a top ranking center in New England and nationally. LJCC has a student population of 384 and employs 144 people.

**National Job Corps Data Center:** The National Job Corps Data Center, operated by RS Information Systems (RSIS), provides data backup services for all U.S. Department of Labor National Job Corps Centers nationwide. The remarkable success of the Loring Job Corps Center and Loring's advanced telecommunications infrastructure were principal factors in the decision to locate the data center on site, where fifteen people are employed.

**Sitel Insurance Services:** Sitel Corporation expanded its operations on Loring, adding an inbound call center. Two shifts are operated daily, in order to serve its many clients and customers. Sitel employs 197 on site and it experiences a very low rate of turnover in comparison to industry averages.

**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. Wetland, grassland and northern forest habitats for migratory birds and endangered species are protected on the 4,700-acre refuge. The Friends of the Aroostook National Wildlife Refuge support its programs through education, fundraising and volunteer projects.

**Limestone Country Club:** The owners of the country club, the Limestone Country Club Developers, successfully operate Loring's 9-hole golf course. They also own and rent out 158 housing units on Loring. The rental units consist of 8 individual houses and 150 townhouses. Long-range plans for the country club include the sale of house lots on the golf course.

**Loring Applied Technology Center (LATC):** The LATC, a business incubator in the State's Applied Technology Development Center System, has six tenants operating successfully: Maine Street Flour, New England Grain Brokers and Retailers, LaForest Custom Cabinets, Robin's Chocolate Sauce, Pneu-Hydro Energy and Chuck's Variety. For more information about these operations, please see the LATC attachment at the end of this report.

New leases, lease renewals and license agreements with are outlined in "Paragraph 1C: Property Transactions During Fiscal year 2004" and all Loring tenants are outlined in an attachment at the end of this report.

### **ACTIVITY STATUS**

As of June 30, 2004, 1,170 people were employed on Loring and 223 Commerce Centre employee dependents and 366 Job Corps students were living on Loring for a total of 1,759 people working and living on Loring. In addition, over 1.7 million square feet of facility space, 64% of the total space, and 4,295 acres of land, 49% of the total acreage, has been committed to, resulting in projected incremental jobs of over 1,500.

## **LDA BOARD OF TRUSTEES AND STAFFING**

At the June 2004 Board of Trustees Annual Meeting, the following Board members were elected as officers for fiscal year 2005, for one-year terms: Philip St. Peter, Chair; James Donnelly, Vice Chair; Philip Parent, Secretary; and Philip Cyr, Treasurer. The terms of five members who have each served on the LDA Board for a minimum of eight years have expired. Anne Pringle, Dana Connors, Arthur Thompson, Robert Umphrey and Elizabeth Reuthe helped to form the foundation for the LDA's successful development efforts and were tremendous assets to this organization. Filling the vacated seats with a diversity of experience and skills are Kay Rand, Sara Gagne-Holmes, Douglas Beaulieu, Patrick St.Peter and Mary Leblanc.

The LDA development staff includes: President & CEO, Director of Finance & Administration, Property & Human Resources Manager, Executive Assistant, Facilities Administration Manager and Administrative Assistant; Loring Applied Technology Center Executive Director and Executive Assistant. The LDA also employs an additional 22 individuals who provide facility maintenance and municipal services on Loring including fire protection and emergency medical services, utilities operations roads and ground maintenance.

**Loring Development Authority of Maine  
2004 Annual Report**

**Paragraph 1B: Audited Financial Statements**

**Loring Development Authority of Maine**  
**Fiscal Year 2004 Annual Report**  
**Paragraph 1B: Audited Financial Statements for Fiscal Year 2004**  
**July 1, 2003 through June 30, 2004**

Please note that the attached Independent Auditor's Report as been approved by the Loring Development Authority's Finance Committee, but has not been approved by the full Board of Trustees and therefore is marked: PRELIMINARY AND TENTATIVE FOR DISCUSSION PURPOSES ONLY. The Report will be presented to the Board at the next Board meeting, which is scheduled for Wednesday, November 10<sup>th</sup>. You will receive a final copy of the report as soon as it is available.

OCT 15 2004

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PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY



## INDEPENDENT AUDITORS' REPORT

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

**PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY**

We have audited the accompanying general-purpose financial statements of proprietary activities of the Loring Development Authority of Maine, a component unit of the State of Maine, as of and for the year ended June 30, 2004, which collectively comprise the basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Loring Development Authority of Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. 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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary activities of the Loring Development Authority of Maine as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of June 30, 2004.

In accordance with Government Auditing Standards we have also issued our report dated October 8, 2004 on our consideration of the Loring Development Authority of Maine's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of the audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Loring Development Authority, basic financial statements. The schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for 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 also not a required part of the basic financial statements of Loring Development Authority. The schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

October 8, 2004  
**PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY**

Loring Development Authority of Maine  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004

UNAUDITED

**PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY**

The management of the Loring Development Authority (LDA) is providing the following discussion and analysis of financial activities for the year ended June 30, 2004. The LDA is a component unit of the State of Maine with a mission to create jobs and positive economic growth by redevelopment of the former Loring Air Force Base located in Limestone, Maine.

#### Report Layout

The readers of the LDA financial reports for the fiscal year ending June 30, 2004 will note changes in the report layout when compared to prior years. The management discussion and analysis (which is required by GASB 34 to be implemented for the fiscal year ending June 2004) is intended to make reports more understandable, easier to read, comprehensible and explain significant change and financial positions between the current and prior year. In order to show changes from last year to the current year, the prior year's reports would have to be restated into the current format. The LDA has chosen not to restate the prior year report, but will explain significant changes within this report. Reports for subsequent years will be providing this information.

#### Financial Highlights

- Total net assets increased by \$928,493. Approximately 83% of this increase was due to the purchase of capital assets of \$1,548,418 less the current provision for depreciation of \$774,977. Of the capital assets acquired, \$830,895 were acquired with governmental assistance.
- Assets acquired from the United States Air Force were added to the financial statements in order to present them in accordance with generally accepted accounting principles. The addition increased net assets from the prior year by \$67,532,909. The estimated value of these assets was calculated using various methods and could significantly change depending on economic conditions or an adverse change in the LDA's financial capacity to operate the entire complex of buildings and associated infrastructure.
- Total revenues of \$6,421,569 comprised of federal grants or assistance of \$3,647,438 or 56% and state assistance of \$1,006,833 or 15%.
- Caretaker grant revenues amounted to \$1,688,667 for the fiscal year 2004. This grant expires in September of 2004.
- Net new jobs created from the private and public sectors went from 1,012 at the end of fiscal 2003 to 1,170 at the end of fiscal 2004. This represents an increase of 15.6% over the last year.

#### Basic Financial Statements

The LDA's financial reports are prepared using proprietary fund (enterprise fund) accounting which is the same basis as private-sector business enterprises and utilizes the accrual basis of accounting. The accrual basis of accounting records income as it is earned and costs as incurred. The basic financial statements include the following:

- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows
- Schedule of Federal Awards and Related Costs

Loring Development Authority of Maine

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004

UNAUDITED

The statement of net assets exhibits the balance of current and capital assets less current liabilities and a net asset balance. As required by generally accepted accounting principles, the LDA has included the estimated fair market value of net assets (structures, vehicles and equipment, aviation facilities, roads and accessory facilities, railroad facilities, and special use structures and land) which were given to the LDA at no cost by the United States Air Force. Table 1 provides condensed data of the statement of net assets for the fiscal years ending 2004 and 2003 as restated.

Table 1

Net Assets

	<u>2004</u>	<u>2003</u>
Current assets	\$ 3,225,190	\$ 3,076,824
Net capital assets	68,345,087	67,571,646
Notes receivable	<u>1,180,511</u>	<u>1,224,448</u>
Total Assets	<u>72,750,788</u>	<u>71,872,918</u>
Current liabilities	<u>2,085,825</u>	<u>2,136,448</u>
Total Net Assets	<u>\$70,664,963</u>	<u>\$69,736,470</u>

PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY

The statement of revenue, expenses and changes in net assets reports the federal and state assistance and operations revenue less operating costs in order to reflect the change in net asset value for the current year. The current year is combined with the prior year's net asset value to reflect the net asset balance as of June 30, 2004.

Table 2 shows the changes in net assets for the fiscal year 2004. Typically, prior year data is included in this report, however it is not required in the year of implementation.

Table 2

Change in Net Assets

Revenues:	
Program Revenues	
Federal and state assistance	\$4,654,271
General Revenues	
Lease and other	1,718,917
Interest income	<u>48,381</u>
Total Revenues	<u>6,421,569</u>
Expenses:	
Salaries and benefits	1,242,239
Building demolition	1,380,444
Municipal operations	1,236,701
Depreciation	774,977
Other operating expenses	<u>858,715</u>
Total Expenses	<u>5,493,076</u>
Increase in net assets	<u>\$ 928,493</u>

Loring Development Authority of Maine

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004

UNAUDITED

Grants and assistance amount to 72.4% of the LDA's revenues of \$6,421,569 for the year. The Economic Development Administration provided funds of \$1,744,899 that represents 37.5% of this amount for demolition and renovation to existing structures. The annual Caretaker grant that is expiring in September 2004 represents another 36.2% of the government assistance in the amount of \$1,688,667.

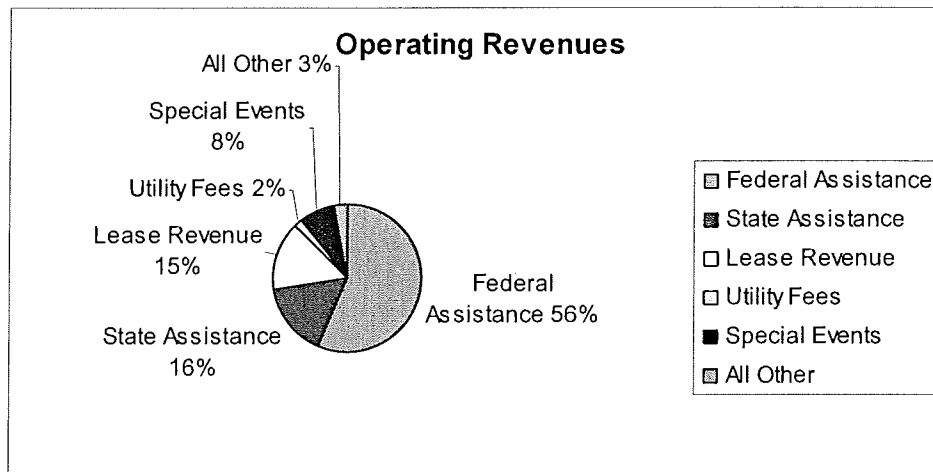
The cash flow statement exhibits the source of revenue and payments of operating expenditures, non-capital and capital financing and net changes for operating activities, which reconcile to the current change in cash balances for the year.

The schedule of federal grants provides a detailed list of grant revenues and associated costs for the year ended June 30, 2004. Further explanation of these grants is included in the notes to the financial statements for the year June 30, 2004.

The Loring Development Authority's Funds

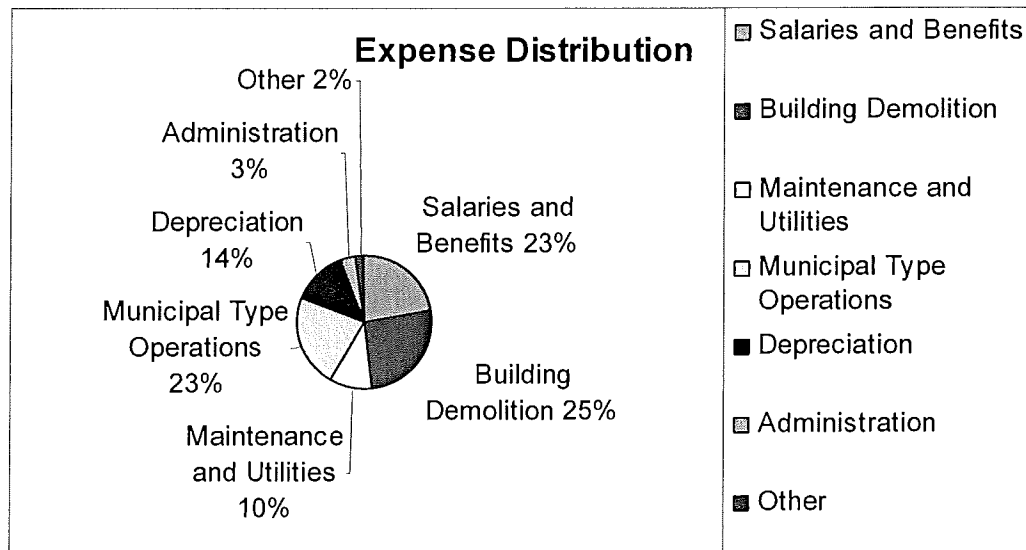
The Loring Development Authority's Funds are accounted for using the accrual basis of accounting. Total revenues and other sources amounted to \$6,421,569 and expenses amounted to \$5,493,076. The following charts reflect the resources and expenditures for the fiscal year ending June of 2004.

PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY



Loring Development Authority of Maine  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004

UNAUDITED



### Capital Assets

At the end of fiscal year 2004, the Loring Development Authority had invested or received land, buildings, improvements, structures and facilities of \$74,241,446. Net of depreciation, these assets were recorded at \$68,345,087. Table 3 shows capital assets, net of accumulated depreciation.

**Table 3**

**Capital Assets at June 30**

(Net of Depreciation)

**PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY**

Land	\$10,167,000
Buildings and building improvements	28,155,936
Equipment and vehicles	256,867
Special Use Structures	10,669,701
Aviation Facilities	15,578,087
Roadways and Accessories	<u>3,517,496</u>
 Total Net Capital Assets	 <u><u>\$68,345,087</u></u>

### Budgeting

The LDA provides an annual budget for control and internal purposes only. No legally adopted budget is maintained.

### Debt

The Loring Development Authority had no debt outstanding as of June 30, 2004.



Loring Development Authority of Maine

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004

UNAUDITED

Future Developments

During September 2004, the Caretaker Grant provided by the Air Force Real Property Agency will expire. The LDA has taken steps during the last few fiscal years to adjust for this event which is a reduction in annual revenue of approximately \$1.7 million.

PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY

## LORING DEVELOPMENT AUTHORITY OF MAINE

EXHIBIT A

STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2004ASSETS

## CURRENT ASSETS

Cash and temporary investments (Note 3)	\$ 2,238,296
Due from federal government	453,095
Due from State of Maine	337,546
Accounts receivable	170,828
Current portion of notes receivable	13,464
Other current assets	<u>11,961</u>
Total current assets	<u>3,225,190</u>

## NON-CURRENT ASSETS

Capital assets (Note 13)	74,241,446
Less allowance for depreciation	<u>(5,896,359)</u>
Total noncurrent assets	<u>68,345,087</u>

## OTHER ASSETS

Notes receivable, net of current portion (Note 12)	<u>1,180,511</u>
Total assets	<u>72,750,788</u>

PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY

LIABILITIES

## CURRENT LIABILITIES

Accounts payable	88,270
Accrued expenses	240,904
Deferred revenue	60,430
Advances from federal government	696,221
Advances from State of Maine	<u>1,000,000</u>
Total liabilities	<u>2,085,825</u>

NET ASSETS

Invested in capital assets (Note 13)	68,345,087
UNRESTRICTED	<u>2,319,876</u>
Total net assets	<u>\$ 70,664,963</u>

*The accompanying notes are an integral part of this financial statement.*

## LORING DEVELOPMENT AUTHORITY OF MAINE

EXHIBIT B

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004

Operating revenues	
Federal assistance (Note 9)	\$ 3,647,438
State assistance (Note 9)	1,006,833
Lease revenue	961,491
Water and sewer fees	106,381
Special event	535,250
Other	82,348
Total operating revenues	<u>6,339,741</u>
Operating expenses	
Salaries and benefits	1,242,239
Travel	26,831
Contracted services	11,089
Building demolition	1,380,444
Legal and audit	45,090
Marketing	44,852
Maintenance and utilities	555,113
Administration	175,740
Depreciation	774,977
Municipal type operations	1,236,701
Total operating expenses	<u>5,493,076</u>
Operating income	<u>846,665</u>
Other financing sources	
Sales of surplus property	33,447
Interest income	48,381
Total other financing sources	<u>81,828</u>
Change in net assets	928,493
TOTAL NET ASSETS - JULY 1, 2003	<u>69,736,470</u>
TOTAL NET ASSETS - JUNE 30, 2004	<u>\$ 70,664,963</u>

*The accompanying notes are an integral part of this financial statement.*

## LORING DEVELOPMENT AUTHORITY OF MAINE

EXHIBIT C

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,012,518
Cash received from government assistance	5,032,015
Cash received from other income	371,978
Cash received payments in lieu of property taxes	84,549
Cash payments for salaries and benefits	(1,236,962)
Cash payments for contract services	(19,524)
Cash payments for goods and services	(2,688,234)
Cash payments for other operating costs	<u>(1,225,738)</u>
Net cash provided by operating activities	<u>1,330,602</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Advances from other governments	644,464
Payments received on notes receivable	30,473
Interest income	<u>48,381</u>
Net cash provided by financing activities	<u>723,318</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital acquisitions	(1,548,417)
Sales of surplus property	<u>33,447</u>
Net cash (used) by capital and related financing activities	<u>(1,514,970)</u>
Net increase in cash and cash equivalents	538,950
Cash and cash equivalents - July 1, 2003	<u>1,699,346</u>
Cash and cash equivalents - June 30, 2004	<u><u>\$ 2,238,296</u></u>
Reconciliation of operating income to net cash (used) by operating activities:	
Operating income	\$ 846,665
Adjustments to reconcile operating income to net cash (used) by operating activities:	
Depreciation	774,977
Changes in assets and liabilities:	
A decrease in accounts receivable	29,194
A decrease in due from other governments	377,744
An (increase) in other current assets	(2,892)
A (decrease) in accounts payable	(443,614)
A (decrease) in deferred revenue	(242,729)
An (increase) in accrued expenses	<u>(8,743)</u>
Net cash provided by operating activities	<u><u>\$ 1,330,602</u></u>

*The accompanying notes are an integral part of this financial statement.*

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2004

(1) HISTORY OF ORGANIZATION

**PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY**

On July 12, 1993, 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, 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 20, 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 the Economic Development Conveyance (EDC) and Lease in Furtherance of Conveyance documents. This EDC document, which is the 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 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 operations 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 is not expected to continue beyond September 30, 2004.

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 which twelve (12) are confirmed by the Maine Senate. The Governor also designates a commissioner of the department of state government to be a voting, ex officio member of the Board of Trustees. No less than seven (7) of the Board of Trustees must be residents of Aroostook County and be nominated by one or more of the primary impacted communities, as defined in the enabling legislation. In addition, no less than four (4) 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 has 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.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

JUNE 30, 2004

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting

The Government Accounting Standards Board (GASB) issued Statement 34 Basic Financial Statements and Management Discussion and Analysis, for State and Local Governments in June 1999. The statement established new financial reporting requirements, requires new information to be reported and restructured much of the information that governments have reported in the past. Its purpose was to make annual financial reports more comprehensive and easier to understand and use. The statement requires implementation by governments of the Authority's size in fiscal year 2004.

Because of the purpose described above, the Authority has applied the new standard, and substantially revised its fiscal year 2004 financial statements. The new standard requires the significant addition of information not previously reported, including the determination and reporting of depreciation on infrastructure assets.

Basis of Presentation

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.

Measurement Focus

Proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in net assets presents the increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its proprietary activities.

Use of Estimates

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 those reported revenues and expenses. Actual results could differ from those estimates.

Budgetary Information

GASB #34 requires that budgetary comparison schedules be presented only for general fund and each major special revenue fund that has a legally adopted annual budget. The LDA currently does not legally adopt an annual budget and therefore has not presented one in these financial statements.



LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2004

(3) CASH IN BANK

The LDA's cash balance in the accompanying financial statements was \$2,238,296 as of June 30, 2004.

Deposits with financial institutions made by the LDA including outstanding items, amounted to \$2,251,260 and are classified by the three categories described below:

Category 1 - Insured or collateralized with securities held by the LDA or its agent in the LDA's name.

Category 2 - Collateralized with securities held by the pledging financial institutions trust department or agent in the LDA's name.

Category 3 - Uncollateralized.

As of June 30, 2004, the entire balance of \$2,251,260 was insured and included in 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 as of June 30, 2004 is \$42,844.

(5)

PENSION PLAN

The LDA has instituted a Model Simplified Employee Pension Plan for all eligible LDA employees in accordance with Section 408K of the Internal Revenue code. All LDA contributions to the employees individual retirement accounts become 100% vested to the employee upon contribution. Employees' contributions to the plan are discretionary, subject to the Internal Revenue Code limitations. Employer contributions to the plan, at 5% of gross wages totaled \$61,674.

(6)

RENTAL OF FACILITIES

The LDA had subleased land and buildings at Loring to various third parties under noncancellable operating leases requiring fixed payments through 2015. The leases provide for varying terms and conditions.

As of June 30, 2004, future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
<u>Ending</u>	
2005	\$ 994,250
2006	743,184
2007	791,033
2008	665,421
2009	596,332
Thereafter	<u>84,885</u>
	<u>\$3,875,105</u>

(7)

DEFERRED REVENUE

The LDA received advances of rents and some prepaid receipts which have been characterized as deferred revenue in the accompanying statement of net assets.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2004

(8) LINE OF CREDIT

The LDA has a variable rate operating line of credit payable at "Wall Street Prime" with a maximum limit of \$1,000,000. As of June 30, 2004, the entire amount was available for use.

(9) PUBLIC SECTOR FUNDING

PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY

The LDA is currently funded through the following public sources:

- (A) State of Maine - The State approved appropriations of \$297,779 for the fiscal year ending June 30, 2004. These funds are to be used to defray operating expenses, support development of the reuse strategy, and to use as matching funds to obtain federal and other grants.
- (B) 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 (20) 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 on 50% of the State income tax withheld from those 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 of \$337,545 for the fiscal year ending June 30, 2004.
- (C) Loring Applied Technology Center - During the fiscal year ending June 30, 2001, the Maine Legislature appropriated \$550,000 to complete the renovation project on the Loring Applied Technology Center (LATC) a business incubator focusing primarily on the forest products and agricultural industries. The remaining balance of \$2,414 was recognized during the fiscal year. In addition, the Maine Legislature also appropriated funding to subsidize the day-to-day operations of the LATC, of which \$40,000 was received during the fiscal year ending June 30, 2004.
- (D) Air Force Real Property Agency (AFRPA) - Pursuant to the terms of the EDC property transfer on April 4, 1997, the LDA received protection and maintenance funding from AFRPA through September 30, 2004 through an annual negotiation. This funding was for, among other things, the operation of water and sewer systems, fire emergency and police protection, and the protection and maintenance of buildings, grounds, and roadway systems. Total funding for the fiscal year ending June 30, 2004 was \$1,688,667.
- (E) Office of Economic Adjustment (OEA) - The OEA has awarded a grant to the LDA to provide operational funding. Total funding earned by the LDA through this grant for the fiscal year ending June 30, 2004 was \$191,493.
- (F) Economic Development Administration - On May 14, 2001, the LDA was awarded a \$1,500,000 grant to cover 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. \$581,469 was received during the fiscal year ending June 30, 2004.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2004

(9) PUBLIC SECTOR FUNDING (Continued)

- (G) On October 17, 2002 the EDA awarded the LDA a grant of \$1,410,000 to renovate an 119,000 square foot facility for reuse. The LDA must match this grant with \$940,000 for a total project cost of \$2,350,000. The LDA received a Community Development Block Grant from the Town of Limestone for \$400,000 to use towards the \$940,000 matching requirement. The LDA realized revenue of \$1,163,430 and \$329,095 from EDA and the Town of Limestone respectively for the fiscal year ending June 30, 2004.
- (H) Federal Emergency Management Agency (FEMA) - The LDA was awarded grants to cover the cost of ice and snow removal resulting from a snow storm during December 2003. The LDA realized revenue of \$7,379 for the fiscal year ending June 30, 2004.
- (I) Department of the Interior - On April 22, 2004, the LDA was awarded a grant for \$15,000 to reimburse the purchase of a truck. The LDA recognized revenue of \$15,000 during the fiscal year ending June 30, 2004.

(10) CONCENTRATION OF RISK

Federal and State Funding

The LDA received approximately 73% of its operating revenue from federal and state funding for the year ended June 30, 2004. The ability to continue its operations is dependent on continued funding.

Accounts Receivable

For the year ended June 30, 2004, approximately 86% of the LDA's accounts receivable was due from five customers. In the opinion of management, all accounts receivable are considered collectible.

(11) PURCHASE OPTIONS

As of June 30, 2004, the LDA had entered into an agreement with a third party that granted a purchase option to this entity for the purpose of owning and operating an energy generation facility. This option set to expire in September 2004. The LDA received a deposit of \$25,000 that is refundable under certain circumstances. The deposit is reflected as an accrued expense in the accompanying balance sheet.

(12) NOTES RECEIVABLE

On May 9, 2001 the LDA sold five 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. The LDA received \$318,088 in cash, and originally financed the remaining \$1,280,000 in the form of a note payable in quarterly installments for a period of fifteen (15) years. During May 2002, the LDA agreed to temporarily accept \$2,500 of principal per month plus interest payable quarterly. Management plans to renegotiate this note in the near future. As of June 30, 2004, the outstanding balance of this note was \$1,180,511.

On December 12, 2002, the LDA provided a \$15,000 note, secured by equipment, to Maine Street Flour Company, payable in quarterly installments for a period of seven years. The borrower stopped making payments in September 2003. The balance of this loan as of the date of the financial statement is \$13,464. What action, if any, the board plans to take at this time is unknown.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2004

(12) NOTES RECEIVABLE (Continued)

Management feels that both loans are collectible and, therefore, have not currently provided any provision for bad debts.

(13) CAPITAL ASSETS

With the exception of the assets acquired from the United States Air Force, (see below) all capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Assets acquired with grants are also capitalized at cost. The LDA maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets such as land and some land improvements are considered inexhaustible and are not being depreciated.

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	15-50 years
Equipment	3-5 years
Vehicles	3-5 years

Capital asset activity for the fiscal year ended June 30, 2004 was as follows:

~~PRELIMINARY AND TENTATIVE~~  
~~FOR DISCUSSION PURPOSES ONLY~~

CAPITAL ASSETS ACQUIRED BY LDA'S (at historical cost)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retire- ments/ Reclassi- fications</u>	<u>Ending Balance</u>
<b><u>Capital Assets</u></b>				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Vehicles and equipment	178,874	154,558	-	333,432
Totals at historical cost	188,874	154,558	-	343,432
<b><u>Less Accumulated Depreciation</u></b>				
Vehicles and equipment	150,137	15,428	-	165,565
Total accumulated depreciation	150,137	15,428	-	165,565
Capital assets at historical cost, net	\$ 38,737	\$ 139,130	\$ -	\$ 177,867

## LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2004

## (13) CAPITAL ASSETS (Continued)

CAPITAL ASSETS ACQUIRED FROM AIR FORCE - (Note 14)

	Beginning Balance	Additions	Retire- ments/ Reclassi- fications	Ending Balance
<b><u>Capital Assets</u></b>				
Land	\$10,157,000	\$ -	\$ -	\$10,157,000
Buildings				
In use	6,914,143	2,414	-	6,916,557
Leased	17,695,479	1,391,446	-	19,086,925
Not in use	5,857,860	-	-	5,857,860
	<u>30,467,482</u>	<u>1,393,860</u>	<u>-</u>	<u>31,861,342</u>
Vehicles and equipment				
In use	142,500	-	-	142,500
Not in use	89,000	-	-	89,000
	<u>231,500</u>	<u>-</u>	<u>-</u>	<u>231,500</u>
Special Use Structures				
Water plant and distribution	5,080,033	-	-	5,080,033
Sewer and waste water	7,472,556	-	-	7,472,556
Total Special Use Structures	<u>12,552,589</u>	<u>-</u>	<u>-</u>	<u>12,552,589</u>
Other Facilities and Improvements				
Aviation facilities				
Runways	9,472,226	-	-	9,472,226
Structures	6,105,861	-	-	6,105,861
Total Other Facilities	<u>15,578,087</u>	<u>-</u>	<u>-</u>	<u>15,578,087</u>
Roadways and accessories	<u>3,517,496</u>	<u>-</u>	<u>-</u>	<u>3,517,496</u>
Capital assets from United States Air Force	<u>72,504,154</u>	<u>1,393,860</u>	<u>-</u>	<u>73,898,014</u>
<b><u>Less Accumulated Depreciation</u></b>				
Buildings				
In use	899,152	138,018	-	1,037,170
Leased	2,297,757	370,479	-	2,668,236
	<u>3,196,909</u>	<u>508,497</u>	<u>-</u>	<u>3,705,406</u>
Vehicles and equipment				
In use	<u>142,500</u>	<u>-</u>	<u>-</u>	<u>142,500</u>
Special Use Structures				
Water plant and distribution	660,404	101,601	-	762,005
Sewer and waste water	971,432	149,451	-	1,120,883
	<u>1,631,836</u>	<u>251,052</u>	<u>-</u>	<u>1,882,888</u>

RELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY

## LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2004(13) CAPITAL ASSETS (Continued)

Total accumulated depreciation	<u>4,971,245</u>	<u>759,549</u>	<u>-</u>	<u>5,730,794</u>
Capital assets acquired from Air Force, net	<u>67,532,909</u>	<u>634,311</u>	<u>-</u>	<u>68,167,220</u>
TOTAL CAPITAL ASSETS				
Capital assets	72,693,028	1,548,418	-	74,241,446
Less accumulated depreciation	<u>(5,121,382)</u>	<u>(774,977)</u>	<u>-</u>	<u>(5,896,359)</u>
Total net capital assets	<u>\$67,571,646</u>	<u>\$ 773,441</u>	<u>\$ -</u>	<u>\$68,345,087</u>

On April 4, 1997, the LDA received 3,600 acres of land, associated facilities, and personal property from the United States Air Force via a 55-year no-cost lease. In accordance with generally accepted accounting principles all assets associated with this lease were capitalized at estimated fair market value using various assumptions.

*Management feels that the value of these assets could fluctuate significantly in the event that the operational status of the LDA changes.*

(14) PRIOR PERIOD ADJUSTMENT

The net assets of the LDA were adjusted for the year ending June 30, 2003 for assets acquired from the United States Air Force on April 4, 1997. The acquired assets consisted of 3,600 acres of land together with buildings, equipment, vehicles, aviation facilities, and other special structures and improvements. A detail of these assets is presented in Note 13 under assets acquired from the Air Force. These assets were acquired at no cost but should have been assigned a fair market value as of the date of acquisition. Depreciation of these assets should also have been recorded. The effect of the adjustment is as follows:

Increase in Capital Assets	\$72,504,154
Increase in Accumulated Depreciation	<u>(4,971,245)</u>
Net effect of change	67,532,909
Prior balance of net assets	<u>2,203,561</u>
Beginning balance of net assets (Exhibit B)	<u>\$69,736,470</u>

PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004

<u>Function</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants/ Contributions</u>	<u>Total</u>
General operations	\$ (5,493,076)	\$ 1,067,872	\$ 2,625,088	\$ 1,393,858	\$ (406,258)
General revenues:					
State appropriations					297,779
Loring Job Incremental Financing					337,546
Special event					535,250
Interest income					48,381
Sales of surplus property					33,447
Other					82,348
					<u>1,334,751</u>
Change in net assets					928,493
Net assets, June 30, 2003, as restated					<u>69,736,470</u>
Net assets, June 30, 2004					<u>\$ 70,664,963</u>

PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY

LORING DEVELOPMENT AUTHORITY OF MAINE

SCHEDULE 2

SCHEDULE OF MUNICIPAL-TYPE OPERATIONS AND FACILITIES MAINTENANCE  
FOR THE YEAR ENDED JUNE 30, 2004

Utilities and heat	\$ 539,194
Emergency response	124,907
Public works	65,962
Facility maintenance	351,982
Administrative support	59,168
Safety and environmental	11,281
Insurance	<u>84,207</u>
	<u>\$ 1,236,701</u>

PRELIMINARY AND TENTATIVE  
 FOR DISCUSSION PURPOSES ONLY



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

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

We have audited the financial statements of the proprietary activities of Loring Development Authority (LDA) of Maine, a component unit of the State of Maine, as of and for the year ended June 30, 2004, which collectively comprise the LDA's basic financial statements and have issued our report thereon dated October 8, 2004. 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 of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 the 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 on one or more of the internal control components does not reduce to 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 with 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.

PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY

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

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.

October 8, 2004

**PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY**

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

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

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, 2004. Loring Development Authority of Maine's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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 on 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 each of its major federal programs for the year ended June 30, 2004.

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 each 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.

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

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.

OCTOBER 8, 2004  
PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY

LORING DEVELOPMENT AUTHORITY OF MAINE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2004

SECTION I - SUMMARY OF AUDITORS' RESULTS

*Financial Statements*

Type of auditors' report issued: *unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditors' 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? ☐ yes ☒ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
12.unknown	Base Caretaker Cooperative Grant U.S. Department of Defense
11.307	Economic Adjustment Assistance Grant U.S. Department of Commerce
11.300	Economic Adjustment Assistance Grant U.S. Department of Commerce

Dollar threshold used to distinguish between type A and type B programs: \$500,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

*SECTION II - FINANCIAL STATEMENT FINDINGS*

NONE

*SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS*

NONE

PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY

LORING DEVELOPMENT AUTHORITY OF MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/ Program Title	Federal CFDA Number	Federal Award Amount	Revenue Recognized	Expenditures
<u>U.S. Department of Defense</u>				
Air Force Base Conversion Agency				
Base Caretake Annual Grant 6	12.unknown	\$ 2,200,000	\$ 359,305	\$ 359,305
Base Caretake Annual Grant 7	12.unknown	1,817,500	1,329,362	1,329,362
Office of Economic Adjustment Grant CL9203-04-09	12.607	300,000	191,493	191,493
<u>U.S. Department of Commerce</u>				
Economic Development Administration				
Economic Adjustment Assistance Grant 01-49-07467	11.307	1,500,000	581,469	581,469
Economic Adjustment Assistance Grant 01-49-07786	11.300	1,410,000	1,163,430	1,163,430
<u>Department of the Interior</u>				
Rural Fire Assistance Grant #50181-4-J039	15.228	15,000	15,000	15,000
<u>Federal Emergency Management Agency</u>				
3914 EM ME	97.036	4,911	4,911	4,911
3190 EM ME	97.036	2,468	2,468	2,468
			<u>\$ 3,647,438</u>	<u>\$ 3,647,438</u>

PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004

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*.

PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY

LORING DEVELOPMENT AUTHORITY OF MAINE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004

PRELIMINARY AND TENTATIVE  
FOR DISCUSSION PURPOSES ONLY

There were no material audit findings reported for the year ended June 30, 2003 that require follow-up in the June 30, 2004 report.



**Loring Development Authority of Maine  
2004 Annual Report**

**Paragraph 1C: Property Transactions**

**Loring Development Authority of Maine**  
**Fiscal Year 2004 Annual Report**  
**Paragraph 1C: Property Transactions during Fiscal Year 2004**  
**July 1, 2003 through June 30, 2004**

The following property transactions took place during Fiscal year 2004:

- The Pattison Sign Group, of Edmundston, New Brunswick, Canada, entered into a lease agreement for 40,000 square feet of space in building #7220 and has a lease option on an additional 40,000 square feet in the building. The company designs and manufactures custom electric signs such as those used by automobile dealerships, banks and many other businesses.
- Hydroblend, Inc. of Nampa, Idaho exercised its option for the fifth year of its lease agreement for a 40,888 square foot former warehouse building at the Loring Commerce Centre.
- MWH Americas, Inc. entered into a lease for the use of two 2000 square foot buildings. MWH is an environmental contractor working for the Air Force on Loring.
- A lease agreement for the bowling center was executed with a new operator. The bowling center opened in October 2003 and hosted recreational bowling, as well as leagues through May. It is the only 10-pin bowling center in northern Maine.
- Pneu-Hydro Energy entered into a lease agreement for 2,400 square feet of space in the Loring Applied Technology Center (LATC), a business incubator, for its initial R&D and start up operations. The company is part of a New York corporation that will be conducting research and development and the potential manufacture and commercialization of a hybrid energy source.
- Maine Street Flour Company entered into a lease agreement for production and office space in the LATC. The new company produces different types of stone-ground flour using grain grown locally. Various flours as well as “just add water” pancake mix were put on store shelves throughout Aroostook County and the market is growing. Mixes for bread machines will also be introduced and organic products will be pursued as supported by market demand.
- D&D Enterprises entered into a lease agreement for use of Nosedock #22, where grain from local growers is stored then distributed. This business, New England Grain Brokerage & Retailers, is also supported by the LATC.
- LaForest Custom Cabinets entered into a lease agreement for a tenant space in the LATC, where it manufactures cabinets and furniture for a growing customer base.
- Robin’s Chocolate Sauce entered into a lease agreement for space in the LACT that is outfitted with kitchen equipment. The new chocolate sauce will be marketed in high-end catalogs.

- Great Northeast Productions (GNP) leased portions of Loring's aviation complex, Malabeam Lake Campground and thirteen buildings in support of the Phish concert held in August 2003.
- WPS New England Generation, Inc., completed its assessment of the 5.5 megawatt diesel electric generation plant on Loring, then entered into a lease agreement for the facility. Having reactivated the plant, WPS is able to provide a source of reserve and backup electricity to meet short-term electrical demand in the region.
- Maine Army National Guard units frequently use Loring's facilities on a short-term basis for training and other activities.
- Individuals and community organizations made use of the Malabeam Lake Campgrounds and other facilities on Loring on a short-term basis.

**Loring Development Authority of Maine  
2004 Annual Report**

**Paragraph 1D: Activities of any Special Utility  
District  
Formed Under Section 13080-G**

**NONE**

**Loring Development Authority of Maine  
2004 Annual Report**

**Paragraph 1E: Listing of Property Acquired By  
Eminent Domain Under  
Section 13080-G**

**NONE**

**Loring Development Authority of Maine  
2004 Annual Report**

**Paragraph 1F: Listing of Bonds Issued**

**NONE**

**Loring Development Authority of Maine  
2004 Annual Report**

**Paragraph 1G: Subsequent Events and Proposed  
Activities for Fiscal Year 2005**

**Loring Development Authority of Maine  
Fiscal Year 2004 Annual Report  
Paragraph 1G: Subsequent Events (Through October 15, 2004)  
and Proposed Activities for Fiscal Year 2005  
July 1, 2004 through June 30, 2005**

**Subsequent Events (July 1, 2004 through October 15, 2004)**

A summary of the activities on the Loring Commerce Centre between July 1, 2004 and October 15, 2004 is provided below:

U.S. Senator Susan Collins announced that the 2005 Senate Armed Services Defense Bill, approved by Congress, includes \$1.5 million for the unmanned aerial vehicle (UAV) program located on Loring. Telford Aviation and SAIC (Science Applications International Corporation) will be testing and developing UAV's, making use of Loring's aviation infrastructure including the Arch hangar. The airships will be designed to carry surveillance equipment and will be used in various military intelligence and homeland security operations.

Telford Aviation and SAIC conduct preflight exercise with an airship in preparation for flight test later this fall. Development of the UAV (unmanned aerial vehicle) project is a significant milestone in the reuse of Loring's aviation infrastructure.

LDA purchased two large fuel tanks that will be used to establish an aircraft fueling system on Loring. The system will be operated by Telford Aviation Services and will make fuel available to aircraft arriving at Loring International Airport.

Air Force funding for Loring ceased at the end of September. The precedent setting caretaker agreement established funding for the protection and maintenance of Air Force property on Loring for ten years, from September 1994 to September 2004. LDA is ahead of its long-range financial plan and is financially sound operationally, but will need financial support to continue infrastructure improvement projects, such as improvements to aviation infrastructure, roadways, buildings and so on.

The remaining 800 acres of property on Loring that the LDA continues to lease from the Air Force was found to be suitable for transfer by the Air Force. Title to the property can now be transferred to the LDA and sold to individual businesses. Approximately 270 of the 2,800 acres of property that were transferred to the LDA in 2001 have been sold to private businesses.

**Marketing Activities**

The LDA continues to take advantage of the effective network of site location consultants, corporate real estate executives and state and local economic development partners in its efforts to market the Loring Commerce Centre. The new Loring Commerce Centre brochure will be another marketing tool.



### **Fiscal Year 2004 Funding**

**LDA Operational Funding:** In July 2004, the LDA received an appropriation from the State of Maine for \$297,779. This funding continues to be used for match funding for Federal grants and for marketing and operating expenses.

**Department of Homeland Security:** In September 2004, the Department of Homeland Security Federal Emergency Management Agency awarded Loring Fire Department a \$68,108 grant to assist with the purchase of safety equipment and gear valued at \$75,675. LDA will provide a \$7,567 cash match, equal to 10% of costs.

**Department of Interior:** In July 2004, Department of Interior awarded the Loring Fire Department a \$15,000 grant to assist with the purchase of a new pickup truck. The truck was equipped as a brush truck and used to service the Aroostook National Wildlife Refuge, which is located on Loring. LDA's cash and in-kind grant matches totaled \$17,425.

### **Proposed and Projected Activities for Fiscal Year 2005**

In addition to ensuring that our existing tenants remain viable business entities, the LDA intends to carry out the following activities in fiscal year 2005:

Continue to work with the FAA to secure an instrument certification for the Loring International Airport. The certification is necessary for Loring's airport to reach its fullest potential. The LDA will position the airport whenever possible to meet FAA guidelines for public use airports.

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).

Complete additional renovations of the Arch hangar with funding from the Maine Department of Transportation bond package, supporting the retention and creation of jobs in the aviation industry.

Continue to discuss the consolidation of municipal services with the Town of Limestone, beginning with emergency services.

Continue working with the Town of Limestone and the Maine Department of Environmental Protection on a regional wastewater system project that will support the needs of both Limestone and Loring and will help ensure compliance with environmental regulations while positioning Loring for future "wet" industrial developments.

Continue to work with US Fish & Wildlife Service to facilitate the swap of about 30 – 40 acres of wooded property on Loring for the approximate one-mile section of Nebraska Road owned by USF&W. LDA will then work with the City of Caribou and the Maine Department of Transportation to transfer the road to either the City or the State.

Continue working with the Bureau of Indian Affairs (BIA) on the transfer of property on Loring to the BIA, to be held in trust for the benefit of the Aroostook Band of Micmacs, helping to ensure the compatibility of existing and future development on Loring.

Continue to work with the Air Force to facilitate the transfer title to property still owned by the Air Force to the LDA, including the Searsport to Loring fuel pipeline and approximately 800 acres of property on Loring, which has been found suitable for transfer.

Work with the Air Force to complete the leaseback of the Defense Finance & Accounting Service (DFAS) Center building and associated grounds.

Continue working with the Air Force as it works to ensure Loring has a dependable drinking water supply.

Facilitate the due diligence process with Maine Lighthouse Corporation in support of their proposed long-term rehabilitation project.

Facilitate the due diligence process with Loring BioEnergy, LLC in support of their proposed energy generation operation on Loring.

Facilitate the due diligence process with Maine Emergency Management Agency on a proposal to locate a Fire Training Academy on Loring that would be used to train firefighters from throughout New England.

Work with Aroostook Partnership for Progress on the proposed Loring air cargo facility that would support homeland security efforts.

Continue working with Senator Collins to resolve the municipal service fees issue encountered by LDA's federal tenants. Senator Collins has submitted language to the Senate Armed Services Committee to be included in the 2005 Defense Reauthorization bill. This language would give the federal entities the authority to negotiate municipal service fees with the LDA.

Take full advantage of the Loring Applied Technology Center, marketing the facility and 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.

Continue to develop and enhance long-term funding strategies that will maximize our ability to reach our development objectives.

Begin moving into a third phase of development, which includes building new facilities for large space users and other prospects. With the leasing of Building #7220, the last large warehouse on Loring, the LDA is quickly running out of large facilities.

Continue to garner local, regional and statewide support for development efforts.

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

Touch bases periodically with Irving Forest Products, Inc., in support of the contemplated construction of the value-added forest products manufacturing complex, when the market allows for expansion.

Touch bases periodically with Lamb Weston in support of the contemplated construction of a value-added potato processing facility when the market allows for expansion.

### **Employment/Tenant Summary**

As of September 30, 2004, 1,151 people were employed on Loring and 190 Commerce Centre employee dependents and 384 Job Corps students were living on Loring for a total of 1,725 people working and/or living on Loring.

**Loring Development Authority of Maine  
2004 Annual Report**

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

**Loring Development Authority of Maine  
Fiscal Year 2004 Annual Report  
Paragraph 1H: Further Actions Suitable for Achieving Purposes of this Article  
July 1, 2004 through June 30, 2005**

Please see Proposed Activities for Fiscal Year 2005, page XXIII.

# **Loring Development Authority of Maine 2004 Annual Report**

## **Attachments:**

- ◆ **Loring Applied Technology Center**
- ◆ **Loring Development Authority Board of Trustees**
- ◆ **Loring Development Authority Development Staff**
- ◆ **Loring Commerce Centre Tenants**
- ◆ **Employment/Tenant Status Report**

## **Loring Applied Technology Center 2004 Summary of Activities**

The Loring Applied Technology Center provides tenants and clients the following core business services as required under Maine's Applied Technology Development Center rules.

- Reception and telephone answering service
- Clerical support
- Storage, warehousing, shipping and receiving facilities
- Photocopying and fax service
- High speed internet connections and computer lab facilities
- Technology consulting appropriate to the Center's focus
- Specific business support and on-going training services
- Shared conference room services
- Assistance in obtaining loans, grants and other financing
- Assistance with the development of business plans
- Assistance with legal and financial management
- Kitchen and restroom facilities
- Space for tenants
- Shared office supplies ordering
- Janitorial services
- Adequate parking

### **Tenant's performance and prospects**

Since opening its doors the Loring Applied Technology Center has provided space and/or services for nine tenant/clients. Two of the original tenants exited the incubator after six months of occupation (Sleek Physique Foods and Max the Moose Furniture) and one was an Incubator Without Walls tenant, that is now closed. (Missy's Sandwich Shop) We currently have five resident tenants, Maine Street Flour Co., New England Grain Brokers, Laforest Custom Cabinets, Robin's Chocolate Sauce and Pneu-Hydro Energy and one Incubator Without Walls tenant, Chuck's Variety. A brief description of tenant operations follows:

- **Maine Street Flour Co.**

Chris Durepo, owner of Maine Street Flour is now packaging, labeling and actively marketing his products. Maine Street Flour products are currently available in most local grocery chain

stores as well as many “mom & pop” stores in Aroostook County. In addition his products are on the shelves of several IGA stores in southern Maine. He is pursuing additional shelf space opportunities with other grocery franchises and will continue to expand as the market demands.

- **New England Grain Brokers and Retailers**

This grain brokerage service became an incubator tenant in January 2004. The company is managed by Chris Durepo of Maine Street Flour and owned by several area business partners, both in Maine and New Brunswick. The front office operations are conducted in the incubator, with grain storage off-site at another facility on the Loring Commerce Centre.

- **LaForest Wood Products, Inc.**

This company constructs customized kitchen cabinetry, counters and other furnishings at the Applied Technology Center. Since commencing operations in August 2003 they have since a steady increase in orders, both locally and further away as their reputation for high quality products and exceptional customer service has grown.

- **Robin’s Chocolate Sauce**

A company born of an old family recipe, Robin’s Chocolate Sauce began producing product in the late spring 2004. Owners Robin and Mark Jenkins spent a great deal of time developing their product for commercialization, and with packaging and labeling completed are now actively marketing their high quality, dessert chocolate sauce. They are providing samples to a market specific database of wholesale customers and will continue to test market demand.

- **Pneu-Hydro Energy**

This company became a tenant of the incubator in late spring 2004. They are in the research and development stage of an alternative energy source and have developed a prototype to test the engineering segment of their operations.

- **Chuck’s Variety**

This Incubator Without Walls client has achieved his goals with the business he purchased and continues to access business advice from incubator staff.

### **Center's annual operating plan, and updated five year operational plan**

The bulk of funding for operations and staffing of the facility is provided through State sources under the umbrella organization of the LDA. In June 2003 the LDA received \$40,000 from the Maine Department of Economic and Community Development in funding designated for reimbursement of staff and associated managerial expenses for the Loring Applied Technology Center (LATC). Funds received were applied against the cumulative salaries and benefits costs associated with staffing the LATC in accordance with grant guidelines. The LATC operational plan, both current and over the next five years is based upon the LDA’s dependency upon State legislative appropriations. This project does not generate sufficient income from lease rents collected to cover 100% of costs to operate the LATC, however fees collected from leased space within the facility increasingly offset some of the expenses of the center.



### **Training programs and frequency**

Public events, tours, training and workshop programs have been offered either at or sponsored in part through the LATC for the past year. Due to the large geographic area that the LATC serves we often provide sponsorship in conjunction with the SBDC for programs at “satellite” spots throughout Aroostook County in order to reach as many potential clients as possible.

Events and training programs – July 2003 – October 2004

Maine State Legislators tour

Northern Maine Community College & EDA tour

LATC Advisory Board meeting

Manufacturers Proprietary Issues workshop

Patent Law workshop

Cary Medical Center retreat/workshop

LATC Advisory Board meeting

Northern Maine Community College – Trade school opportunities workshop

Aroostook Region Agricultural Growers seminar

Small Business Administration tour

Maine Metal Manufacturers workshop

Maine Street Flour grand opening

Pattison Group quarterly corporate meetings

Aroostook County Extension Service tour

Patent Law workshop

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

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

**Chair, Philip J. St. Peter**, resident of Caribou, is actively involved in real estate, contracting and banking ventures within the community. Mr. St. Peter has served on the LDA Board since 1997.

**Vice Chair, James O. Donnelly**, resident of Brewer, is a Regional Vice President at Machias Savings Bank in Ellsworth. Mr. Donnelly has served on the LDA Board since 2000.

**Treasurer, Philip A. Cyr**, resident of Caribou, is the Owner/Administrator of several area nursing homes. Mr. Cyr has served on the LDA Board since 1999.

**Secretary, Philip P. Parent**, resident of Van Buren, is an Attorney in private practice, concentrating in real estate, commercial law, probate and estate planning. Mr. Parent has served on the LDA Board since 2002.

**Brian E. Thibeau**, resident of Hermon, is the Chief Operating Officer for the Penquis County Action Program. Mr. Thibeau has served on the LDA Board since 1993.

**Rob A. Langner**, resident of Fort Fairfield, is a Case Management Officer for the Maine District Court in Aroostook and Washington Counties. Mr. Langner has served on the LDA Board since 2002.

**Linda M. Page**, resident of Limestone, is actively involved in several community support organizations. Ms. Page has served on the LDA Board since 2002.

**Kathryn J. Rand**, resident of Hallowell, is Managing Director at BSSN Resources, LLC, a subsidiary of the Bernstein, Shur, Sawyer & Nelson law firm. Ms. Rand has served on the LDA Board since 2003.

**Douglas F. Beaulieu**, resident of Madawaska, is the County Administrator for the County of Aroostook. Mr. Beaulieu has served on the LDA Board since 2004.

**Sara B. Gagne-Holmes**, resident of Augusta, is an attorney with the Preti Flaherty law firm focusing on health law. Ms. Gagne-Holmes has served on the LDA Board since 2004.

**Patrick C. St.Peter**, resident of Limestone, is a former President & CEO of the County Federal Credit Union. Mr. St.Peter has served on the LDA Board since 2004.

**Mary E. Leblanc**, resident of Portland, is Assistant to the Director for the Maine Community College System's Center for Career Development. Ms. Leblanc has served on the LDA Board since 2004.

**Jack Cashman**, resident of Old Town, is the Commissioner of the State Department of Economic and Community Development. Commissioner Cashman has served on the LDA Board since 2003.

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

**President & CEO, Carl W. Flora**, provides executive oversight for the Authority's operations as well as management of day-to-day operations including, but not limited to, 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. Mr. Flora has been employed at the LDA since November 15, 1995.

**Director of Finance and Administration, Frank F. Goade**, is responsible for the development and administration of the LDA's operations and accounting controls and financial reporting systems, as well as all administrative functions, including administration of daily municipal and maintenance operations. Mr. Goade has been employed at the LDA since September 19, 1994.

**Manager of Real Property and Human Resources, Patricia M. Zenzius**, works part-time and is responsible for the administration and management of real and personal property, as well as all aspects of the LDA's human resources. Ms. Zenzius has been employed at the LDA since January 31, 1994.

**Executive Assistant, Donna M. Sturzl**, is responsible for providing comprehensive support to the LDA's President & CEO, grant research, writing and reporting and carrying out of a variety of projects. Ms. Sturzl has been employed at the LDA since September 21, 2000.

**Facilities Administration Manager, Neal R. Haines**, coordinates and oversees the day-to-day municipal maintenance type operations of the facility which include buildings, roads, grounds, fire protection, water and wastewater plant operations and vehicle maintenance with section foreman. He also monitors all purchases and payment processing, oversees the computer network system, and general administrative duties. Mr. Haines has been employed at the LDA since September 26, 1994.

**Administrative Assistant, Mary E. Saunders**, is assistant to the Administration Manager and LDA Code Enforcement Officer. She is responsible for environmental reporting and reporting for Loring Utilities and also provides clerical support to Loring Utilities and the Loring Fire Department. Ms. Saunders has been employed at the LDA since January 17, 1994.

**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. He also provides business development assistance to the LDA. Mr. Nickerson has been employed at the LDA since February 13, 2001.

**Executive Assistant, Loring Applied Technology Center, Diane M. Martin**, is responsible for assisting with the administration of the LATC including the policy development, tenant support, public relations and marketing. She also supports LDA development operations. Ms. Martin has been employed at the LDA since September 12, 1994.

## **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 approximately 270 associates out of an expected 325, with over 70% hired locally.

### **❑ Loring Job Corps Center (LJCC)**

The Loring Job Corps Center, part of the Job Corps New England Region and the National Job Corps system, offers unique advanced training for youth ages 16-24. The Center welcomed its first 380 students in January 1997 and provides training in recreation and outdoor wilderness trades, culinary arts, certified nurse's aid (CNA) program, accounting, medical office training, business/clerical, computer service repair, Web page design, electrical, carpentry, cement masonry, painting, diesel and automotive mechanics and commercial driver's license (CDL). Operated by the Training & Development Corporation of Bucksport, the LJCC employs over 140 people.

### **❑ Maine Readiness Sustainment Maintenance Center**

The Maine Army National Guard (MRSMC) established a military vehicle refurbishment center at Loring in September 1997. It has since grown to over 200 civilian employees and is expected to continue to expand. The Center performs complete refurbishment of the High Mobility Multipurpose Wheeled Vehicles (HMMWV), 5-Ton Trucks, and Mobile Kitchen Trailers (MKT) for the National Guard Bureau to meet equipment shortages in the Army National Guard. 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. Wetland, grassland, and northern forest habitats for migratory birds and endangered species are protected on the refuge. 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 employs over 280 people, with expansion possibilities to 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. The privately owned company 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, MacDonald Enterprises, 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 six people. An on-site retail outlet features their products. The business also offers a full line of machining, fabrication, sheet metal and welding capabilities on all types of steel.
- ❑ **Impac Auto, Inc.**  
 As a wholesale distributor of specialty heavy equipment parts, Impac Auto, Inc. operates its business in a 4,800 square foot building at Loring and employs five people.
- ❑ **The Maine Winter Sports Center (MWSC)**  
 The MWSC is a newly formed non-profit corporation that has established 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 open year round offering nine-hole golfing, cross-country skiing and snowmobile trails. 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.
- ❑ **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.
- ❑ **Pioneer Wireless Network**  
 Pioneer Wireless Network has created a wireless internet service network that spans Aroostook County from Sherman to Madawaska. The company leases space on one of Loring's facilities where it placed antennae needed to complete the network.
- ❑ **The Telford Group, Inc.**  
 The Telford Group is a multi-faceted aviation service company operating in partnership with Volvo Aero Services, is operating an aircraft maintenance and recycling operation at Loring and occupies over 247,000 square feet of hangar and warehouse space. Telford has been awarded a Maintenance Repair Facility Certificate and recently started its first overhaul shop. The company also opened an aircraft parts storage and distribution center, for both regional airliners and commercial Boeing aircraft, utilizing 80,000 square feet of available warehouse space.

- ❑ **National Job Corps Data Center**  
Operated by RS Information Systems, Inc., the National Job Corps Data Center provides data backup and customer support service to Job Corps Centers located nationwide.
- ❑ **WPS Energy Services, Inc.**  
WPS energy Services operates the power plant on Loring, generating electrical power to help meet reserve power requirements and to provide back up power for businesses on Loring.
- ❑ **Pattison Sign Group**  
Pattison Sign Group established its first U.S. manufacturing plant on Loring where it will soon manufacture custom designed electrical signs. Pattison is one of the world's largest electric sign companies and is a division of the Jim Pattison Group, one of Canada's largest privately held companies.
- ❑ **Loring Applied Technology Center**  
The Loring Applied Technology Center (LATC) is one of seven business incubators in the State of Maine's Applied Technology Development Center System providing start-up businesses with low-cost space, use of office equipment and financial, legal, and technical services.
- ❑ **Maine Street Flour Company**  
This startup company produces a variety of stone-ground flours and creates new combinations of flour mixes. The flours and mixes are now available in central Aroostook County grocery stores and there are plans to gradually expand availability in other areas.
- ❑ **La Forest Wood Products, Inc.**  
LaForest Industries, a Canadian based custom cabinetmaker started operating in the U.S. The company constructs cabinets and furniture, producing exceptional products and providing excellent customer service to a growing number of customers.
- ❑ **New England Grain Brokerage & Retailers**  
With an office in the Loring Applied Technology Center and a nearby storage facility, New England Grain Brokerage & Retailers provides grain storage and brokerage services in northern Maine.
- ❑ **Robin's Chocolate Sauce**  
Robin's Chocolate Sauce owners have developed a chocolate sauce product that will soon be available in finer mall stores and catalogues.
- ❑ **Pneu-Hydro Energy**  
Pneu-Hydro Energy is part of a New York corporation that will be conducting research and development of potential manufacture and commercialization of a hybrid energy source.

**LORING DEVELOPMENT AUTHORITY  
MONTHLY EMPLOYMENT/TENANT ACTIVITY REPORT  
30-Sep-04**

**DEVELOPMENT ACTIVITIES**

<u>REUSE ACTIVITY</u>	<u>TYPE</u>	<u>JOBS/RESIDENTS</u>			<u>PROPERTY ABSORBED</u>	
		<u>Prior Month</u>	<u>Current</u>	<u>Projected</u>	<u>Bldg SF</u>	<u>Acreage</u>
<u>PRIVATE SECTOR</u>						
Haven Inn	Hotel	5	5	11	21,995	3
Hydroblend, Inc.	Manufacturing	13	13	30	40,888	2
International Sourcing Inc	Commercial	5	5	5	4,824	1
Limestone Country Club	Recreation/Residential	14	14	20	326,685	270
Loring Applied Technology Ctr	Commercial	2	2	3	42,075	3
Me St Flour/NE Grain	Manufacturing	4	4	9	28006	1
LaForest Custom Cabinets	Manufacturing	3	3	10		
Robin's Chocolate Sauce	Manufacturing	2	2	2		
Loring Health Center (Cary)	Health Care	3	3	7	2,000	1
MacDonald Enterprises	Manufacturing	4	4	12	19,762	2
Maine Winter Sports Center	Recreation	16	16	16	6,408	1
MWH	Commercial	1	1	1	3,950	2
Pattison Sign Group	Manufacturing	57	61	50	39,115	1
Sitel Insurance Services	Call Center	210	197	352	47,783	12
WPS	Commercial	0	0	0	28,838	5
Telford Group	Aircraft MRO	10	7	30	247,417	8
<b>TOTAL:</b>		<b>349</b>	<b>337</b>	<b>558</b>	<b>859,746</b>	<b>312</b>
<u>PUBLIC SECTOR</u>						
Dept of Labor RS Info Systems	Data Management	15	15	40	7,835	4.5
DFAS	Office	335	312	350	142,400	15
Maine Army National Guard	Vehicle Refurbishment	311	310	400	378,910	23
TDC (Loring Job Corps Center)	Educational/Office	138	144	147	270,022	42
US Fish & Wildlife	Wildlife Refuge	3	3	5	8,600	3,886
<b>TOTAL:</b>		<b>802</b>	<b>784</b>	<b>942</b>	<b>807,767</b>	<b>3970.5</b>
LDA-Caretaker	Development	30	30	30	94,996	10
<b>TOTAL EMPLOYMENT:</b>		<b>1181</b>	<b>1151</b>	<b>1530</b>	<b>1,762,509</b>	<b>4292.5</b>
<u>RESIDENTIAL</u>						
DFAS/SITEL/LJC/NG	Dependents	194	190	250		
Job Corps	Students	377	384	400		
<b>TOTAL RESIDENTIAL:</b>		<b>571</b>	<b>574</b>	<b>650</b>		
<b>GRAND TOTAL</b>		<b>1752</b>	<b>1725</b>	<b>2180</b>	<b>1,762,509</b>	<b>4292.5</b>
Total Available Space:					2,795,587	8,702
% Committed					63%	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.