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# 2008 ANNUAL REPORT

## *LORING DEVELOPMENT AUTHORITY OF MAINE*



**Paragraph 13080-L  
Fiscal Year 2008 Annual Report  
July 1, 2007 through June 30, 2008**

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**Loring Development Authority of Maine  
2008 Annual Report**

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

**Loring Development Authority of Maine  
Fiscal Year 2008 Annual Report**

**Paragraph 1A: Description of the Authority's Operations and Status Report  
July 1, 2007 through June 30, 2008**

Loring Development Authority (LDA) continues developing properties and supporting existing activity at Loring Commerce Centre. In addition to its business attraction and real estate development activity, LDA's daily operations include its responsibilities as general manager of a 3,700-acre business-commercial and industrial park including a 1,600-acre aviation complex. LDA is landlord for the leasehold tenants at Loring; the facilities manager for one million square feet of unoccupied building space and municipal service provider for 26 businesses, 1,537 employees and 579 residents at the Loring Commerce Centre – it operates a dam, water treatment plant and water distribution system; a wastewater plant and associated infrastructure; maintains and plows 26 miles of roadways; performs grounds maintenance on hundreds of acres of developed and developable property; and contracts for emergency and law enforcement services.

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

**FISCAL YEAR 2008 ACCOMPLISHMENTS**

The following summarizes the LDA's accomplishments for fiscal year 2008, which support its primary mission of job creation and facility absorption on Loring Commerce Centre.

**Aviation Development.** Telford Aviation and SAIC (Science Applications International Corporation) have moved forward with their unmanned aerial vehicle (UAV) project – development of a blimp-type UAV known as the Skybus. Flight testing on the initial prototype Skybus airship was conducted successfully in the vicinity of the Loring airport throughout FY 2008 under an experimental certificate issued by the Federal Aviation Administration (FAA). The project calls for the development of a new larger airship. The new Skybus prototype will be capable of flying higher with larger payloads and greater endurance. The US Navy and other military branches as well as the Office of the Secretary of Defense have considerable interest in the Skybus as a surveillance platform. Successful completion of the next testing phase would lead to the UAV being deployed for defense missions. In that case, Loring will likely become the home for a manufacturing operation.

Expansion in the UAV industry may generate new opportunities for developing Loring's remarkable aviation complex. The FAA recognizes that the unique combination of an expansive, controlled-access airfield and a rural location with low density air traffic are ideal for UAV test flights and several UAV developers have expressed an interest in conducting fixed-wing UAV tests at Loring.

A third phase of renovations at the Arch hangar, completed this spring, supports the UAV work being done at Loring. Many upgrades were made to the 126,000 square foot arch hangar, preserving the building and making it a viable aviation support facility.

**Bigelow Aerospace.** Bigelow Aerospace purchased approximately seven acres of property at the north end of Loring's airfield. A building on the site was demolished to make way for the construction of a satellite tracking station. Bigelow, a leader among companies seeking to commercialize space, specializes in the design, construction and operation of habitable space environment and seeks to deploy the first commercial orbital space complex. Bigelow already has unmanned, scaled-down versions of the space facilities in orbit. Bigelow also leases office space at Loring.

**Sitel.** LDA renewed its lease with Sitel, a financial services customer service call center that has operated successfully at Loring since 1998. After being acquired by the ClientLogic division of the Onex Corporation last year, the company reevaluated its nationwide facility needs and determined that it would continue to operate at Loring. A five-year lease was negotiated with an option for an additional five years. Sitel occupies 25,000 square feet in building #8700, a 47,000 square foot facility. The new lease calls for LDA to perform some major upgrades to the facility including roof replacement and a backup generator. For ten years, Sitel has employed about 220 to 250 people, providing them with important benefits such as health insurance. Many Sitel employees are licensed as life and disability and property and casualty agents by the State's Bureau of Insurance. The rapid creation of jobs in 1998 was a critical part of the economic recovery of central Aroostook County following the loss of Loring Air Force Base.

**Loring BioEnergy, LLC (LBE).** LBE executed the Purchase & Sale Agreement and Pipeline Lease & Use Agreement moving the electricity and steam cogeneration project ahead one more step. Other major accomplishments to date include securing a right-of-way that will facilitate the extension of the fuel pipeline at Loring; securing the approval of the Town of Limestone for a tax increment financing arrangement; completion of the survey work on the property to be conveyed; preparation of documents needed to complete the real estate transaction; and completing the first step of the Site Design Review process with the LDA Planning Board.

Once operational, the LBE project will use a natural gas, diesel, and/or biodiesel fueled plant to generate electricity for industrial customers at Loring, supplying excess energy to the grid. A byproduct of electricity generation will be industrial steam, which will be made available to heat buildings at Loring and for other industrial uses.

**Off the Grid Energy Alternatives, LLC.** Off the Grid, an energy solutions company, operated at Loring for a few months this year and intends to return as the company moves forward. The focus of this local start-up company is to supply non-traditional power generation equipment and technology for farms and other small businesses.

**Robins Chocolate Sauce.** Receiving the New England Products Trade Show Best New Product Award - "Best New Product 2007" - in the specialty foods category led to breakthrough deals for Robin's Chocolate Sauce, a start-up company at Loring. Robin's reported increased sales of its Fair Trade Organic Chocolate Sauces since receiving the award. The company's success comes only after several years of hard work devoted to product development and marketing efforts.

**Maine Military Authority.** Maine Military Authority (MMA) celebrated its 10th anniversary on August 16, 2007. In its first ten years of operation, the center refurbished more than 8,000 pieces of equipment for federal, state and local entities. 7,400 of the rebuilt units were the well-known HUMVEE's. The success of the rebuild center is credited to the visionary individuals who started operations, with 20 employees in two buildings, and to the dedication and hard work of hundreds of MMA employees who bring excellent skills and diligence to their jobs every day.

**Mojave Property Management, LLC.** Building #2500, the former base officer's quarters, was sold to Mojave Property Management, LLC. Mojave renovated the 30,000 square foot building, converting it into an apartment building with mostly one-bedroom and efficiency apartments, which were quickly occupied. The property is now on the tax rolls of the Town of Limestone.

**Residential Development.** Loring's Land Use ordinances were amended to allow limited residential use in a commercial zone with Planning Board approval. With the amendment in place, Tin Cup Land Company is able to develop the Links Subdivision located in a commercial zone. The first phase of this subdivision is adjacent to the Limestone Country Club and to established residential areas. Tin Cup has completed the sale of three house lots to a developer who plans build spec homes. The amendment also allowed Mojave to develop its multi-family residential building, which is located in a commercial zone. Additional residential development is expected at the Malabean Estates Subdivision, where a number of individual lots have been sold. Residential development will lead to the growth of the tax base for Limestone.

**MacDonald Enterprises.** Dan MacDonald purchased three buildings and associated property located on Energy Road at Loring Commerce Centre. MacDonald Enterprises has occupied two of the buildings under a lease agreement since 1997. The third building is located on property adjacent to the business. This property will also be added to the Limestone tax rolls.

**Kevric Farms, LLC.** LDA approved a five-year lease agreement with Kevric Farms for the lease of Nosedock 22, a 28,000 square foot building. Kevric expanded its business for hay and straw for mulch, high-quality animal feeds, wood and straw-based animal bedding, all catering to local cattle and horse operations. The agreement includes an option to purchase the building.

**Pineland Farms Natural Meats.** Pineland Farms operates a large beef cattle feedlot in Fort Fairfield about eight miles from Loring. Composting of cattle manure is an integral part of well-managed livestock operations. Pineland proposed establishing a composting operation at Loring where it could be housed in the 194,000 square foot DC hangar, allowing composting to continue through the winter months; the winter climate and snow cover inhibit the composting process at the feedlot. If it is determined that the building is suitable for composting, a four to five year lease agreement would be proposed with considerations for a long-term agreement. Thousands of tons of compost would be made available to the agricultural industry in northern Maine. Studies conducted by the University of Maine conclude that when compost is used on a regular routine basis potato yields increase by about 30%.

**A & J Industries.** A & J Industries plans to occupy Nosedock #40 for storage and processing firewood packaged for consumers. The company processes bark mulch at its facility in Van Buren. Consumer packaged firewood is a compatible sideline product for A & J, with Home Depot as a major customer. In order to meet the demand for packaged consumer firewood the company will need a large facility for processing and storing the firewood – the building at Loring will satisfy that need.

**Limestone Rotary.** The Limestone Rotary Club now meets in Building #5055 at Loring. They are the second tenant in the multi-tenant facility, which also houses a deli-style restaurant and has space available for a third small-space user.

**Relief Effort.** The American Red Cross made use of the former library at Loring while providing relief services to flood victims in the St. John valley this spring.

**New Commercial Building.** LDA now has a “new” building to market. The former bowling center was emptied of all its equipment and is now available as a 20,000 square foot steel frame commercial facility. All of the bowling equipment was sold to a bowling equipment dealer.

**Cathie Pelletier, Maine Author.** Cathie Pelletier, a very successful author who was born and raised in the Aroostook County town of Allagash, visited Loring and met with LDA staff. Ms. Pelletier’s interest in Loring is associated with movie making; a new project for her. She sees great potential for the movie-making business to thrive in Aroostook County and feels that several County locations, including some at Loring, have desirable characteristics for movie projects.

**Aroostook Band of Micmacs.** LDA and the Aroostook Band of Micmacs (ABM) continued discussions about economic development opportunities at Loring and how to achieve their common goals.

**Prospects.** The LDA handles numerous business inquiries which have led to several active prospects representing potential new activities in the aviation, homeland security, data management, manufacturing, energy services, telecommunications services, additional residential developments and others.

**Loring Applied Technology Center (LATC).** The Applied Technology Center System was established in 2000 by the Maine Legislature. The State (DECD) supplied \$550,000 for renovating the LATC building to match a \$400,000 CDBG for infrastructure improvements. Beginning in 2002, the LATC received management grants to assist in the development and operation of the center. This funding, initially established at \$50,000, was reduced over subsequent years and no funding was received this year. Reduced funding left a deficit in the operating budget for the LATC and it has been determined that it is no longer prudent for LDA to dedicate staff and other resources exclusively for the benefit of the LATC. However, the building is a showplace and continues to support multiple small business tenants. LATC as well as other Loring Commerce Centre tenants will have access to LDA staff members who can supply business development and marketing assistance.

**Regional Wastewater Project.** LDA and the town of Limestone continue to work with their state and federal partners on the Greater Limestone Regional Wastewater Project.



The first phase of the project includes converting Limestone's treatment plant to a pre-treatment facility, installing pumps and sewer mains to transmit wastewater to Loring, making improvements to Loring's wastewater treatment plant and to the existing wastewater collection system to reduce inflow and infiltration (I&I) of ground water. In addition to solving the current discharge issues with Limestone's system, the improvements at Loring will position it for a major wet industry such as a potato processing plant. Phase two of the project is the extension of the outfall from the Little Madawaska River to the Aroostook River.

Determining how the new combined Limestone - Loring wastewater utility would be governed is a critical component of this project. Negotiations resulted in an agreement to transfer LDA's wastewater treatment plant to the Limestone Water & Sewer District (LWSD), who would oversee the new regional utility. LDA would be a wholesale customer of the treatment plant and would continue to own and maintain the wastewater collection system at Loring. This will allow LDA to continue assessing fees to its tenants and to tailor its fee structures where appropriate, to be attractive to new industrial users.

A preliminary budget identified approximately \$11.4 million potentially available for phase one of the project, including \$5 million from an approved environmental state bond. Approximately \$5.3 million is needed for improvements to Loring's wastewater plant.

**Drinking Water Supply.** Drinking water for Loring comes from the Little Madawaska River, about 4 miles to the west and it is treated at LDA's water treatment plant. Because the plant is in need of significant repairs and upgrades, feasibility studies for various water supply options were conducted. Options considered were: 1) Upgrade the existing conventional filtration facility and continue to treat surface water drawn from the Little Madawaska River; 2) Convert the water treatment plant to a raw water pump station, and install a new membrane filtration facility at Loring to treat the river water; 3) Connect to the Limestone distribution system; 4) Locate a new groundwater well and convert to a groundwater source requiring little to no further treatment; and, 5) Convert to the existing groundwater well, which was developed but not used, and add treatment sufficient to address the "groundwater under the influence of surface water" concern as well as the high level of manganese present. Engineering evaluations of the options were assisted by grants obtained through the Maine Bond Bank and the State Drinking Water Program.

Capital and operating costs and efficiencies of each alternative were assessed as well as the ability of each to accommodate existing and projected water uses at Loring and determined that upgrading the water treatment plant was the best option. Ground water sources could not accommodate a large water user and although a membrane filtration system could be built to meet the demand for water today and later be expanded, the cost of expansion was prohibitive.

Some funding is expected to be available from the Air Force to support a long-term water solution. The plant is now slated for an initial phase of repairs and upgrades which is expected to address compliance issues we've been experiencing.

**Madawaska Dam Fish passage.** LDA maintains a water impoundment dam on the Little Madawaska River as part of its water supply system. A fishladder at the dam is designed to allow fish to move past the dam to the upstream habitat, but it has

deteriorated and no longer functions properly. Maine Department of Inland Fisheries and Wildlife (MDIFW), MDEP, US Department of Agriculture Natural Resource Conservation Service (NRCS), and US Fish & Wildlife are working with LDA to restore the fishladder and the fish habitat on the river and its tributaries. With plans in place and much of the required funding secured, LDA intends to complete the project next summer.

**Emergency Services.** LDA and the Town of Limestone renewed the agreement for police protection to be provided by the Limestone Police Department. Fire protection services for Loring are provided for through an agreement with the towns of Limestone and Fort Fairfield.

**Code Enforcement.** LDA secured code enforcement and plumbing inspection services from the City of Caribou; the arrangement is working well.

**Future Development.** LDA continues to work with several prospects in various industries, identifying facilities that meet their real estate needs and when necessary assisting them in through the stages of business development. Loring's unique aviation facilities, and other available space continually attract local, national and international interest.

**Loring Impact.** Current Loring employment is over 1500; gross payroll for 12 months ended June 2008 is over \$47 million. Nearly all goods and services produced at Loring are sold to out-of-state buyers, maximizing the economic impact within the State of Maine. Total economic impact is estimated at \$150,000,000.

Loring tenants occupy over 1.7 million square feet of facility space. Additional facility space and hundreds of acres of open land remains available for development, making Loring a valuable tool for continuing economic development efforts in Maine.

New leases, lease renewals and license agreements with are outlined in "Paragraph 1C: Property Transactions During Fiscal year 2008" and all Loring tenants are outlined in Addendum-4 at the end of this report.

## **MARKETING EFFORTS**

At the end of fiscal year 2007 the Loring Development Authority realigned its marketing and public information program. The intent is to focus on selected target markets and to provide more comprehensive coverage of current tenant activities and events at Loring. To streamline and further consolidate these activities, staff formerly devoted to the Loring Applied Technology Center have been relocated to the LDA offices.

The LDA continues to implement a limited advertising program, with placement in the annual Bangor Daily News Perspectives Special edition in April focusing on Economic Development. We have also initiated a series of advertisements in MaineBiz magazine, which reaches a large business audience. Additional advertising was placed in the Regional Tourism Guide, in the Limestone High School year book and on local live radio broadcasts during the Limestone 4th of July festivities. Our strategy is to keep our 'brand' on the radar of State of Maine economic development entities and other partners.

In our continuing effort to reach out to and include the local communities in our development efforts we have provided spec sheets of our marketable buildings and a commission rate schedule to all area real estate brokerage agencies, which have resulted in the some commercial real estate sales activities.

As part of our business attraction efforts, we qualify and target business prospects based on our own in house research, and respond to inquiries generated by our website. We also work with other organizations involved in business attraction such as Aroostook Partnership for Progress (APP) and Maine and Company.

The LDA spearheaded the GoMaine commuter outreach initiative at Loring with great success. The result is that representatives from GoMaine and the Maine Department of Transportation have met with Loring employers on several occasions, signing up over 200 commuters into the carpooling program. As more Loring workers join we anticipate that GoMaine will be placing into service a fleet of vans that will serve a broad transport area.

Although LDA staff have not traveled extensively outside of the state this year, Ed Nickerson attended the Maintenance, Repair & Overhaul (MRO) Exposition in Fort Lauderdale, Florida this April as this is one of our most desired potential tenant markets.

LDA aggressively marketed Loring Commerce Centre and created name brand recognition for Loring within many industries nationally and internationally. With over 25 existing enterprises currently operating successfully at Loring, LDA uses their success stories to generate interest in its facilities. Industries being pursued include agriculture/food processing; forest products; information based companies; transportation & distribution; aircraft maintenance, repair & overhaul (MRO); air cargo operations and other niche markets.

### **OTHER ACTIVITIES & EFFORTS**

**Limestone Development.** After participating in a Visioning Session with the town of Limestone LDA staff continued to work with community members in support of their goals, which included economic development as a top priority.

**Maine Municipal Employees Health Trust.** LDA was approved to become an associate member of the Maine Municipal Association, which allowed it to participate in the Maine Municipal Employees Health Trust (Health Trust), securing comparable benefits plus life insurance at a savings of about \$14,000 per year. LDA intends to continue with the Health Trust as long as it provides the best and most equitable benefits for its employees and the organization.

**Availability of Services at Loring.** Loring Commerce Centre has grown tremendously since 1994 with nearly 600 residents and over 1,500 people working here every day. This growth is leading to a greater need for service type businesses on site. Initially, LDA chose not to allow certain types of retail and service establishments at Loring believing that existing local businesses were already fragile because of Loring's closure. However, for some time employers and employees have expressed that they would find great value in having some amenities available close to work. The LDA is now considering the development of service and amenity-type businesses.

**Commuting Initiative:** LDA hosted a briefing session for representatives of MDOT and the GoMaine commuting program to explain the program to Loring Commerce Centre's larger employers. GoMaine representatives believe that there is potential for significant use of carpools, vanpools and even a bus route as cost-saving alternatives to get to work. A request has been submitted for several 12-passenger vans and a bus for establishing a commuting program at Loring. The requested vans and bus would be provided through a federal program. Many Loring-based employees completed the on-line GoMaine registration, which will help in establishing carpools. Registration will also allow employees to make use of the benefits of the GoMaine program, such as a guaranteed free ride home in the case of an emergency.

**Fire Pumper/Tanker Truck.** The County of Aroostook purchased a fire truck from LDA. It will be used to supplement the County's fire response in various parts of Aroostook. This vehicle is a combination "pumper/tanker" and has many attributes that make it useful in rural areas.

**MPBN Maine Watch Segment on BNAS.** LDA President & CEO, Carl W. Flora, participated in a MPBN production of Maine Watch. The show focused on the recent adoption of a formal Reuse Plan by the former Brunswick Local Reuse Authority, now the Midcoast Regional Redevelopment Authority. Mr. Flora offered the perspective of Loring's experience with the redevelopment process guided by its reuse plan. Loring's redevelopment required a large public investment, but now creates many times that public investment each year in economic impact to the state.

**Maine Development Foundation.** Information about the fiscal impact of Loring's development was provided to Maine Development Foundation for inclusion in a presentation at its annual meeting last fall. The information included pictures demonstrating new uses for old buildings.

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

**Promoting Loring.** LDA regularly takes advantage of opportunities to promote Loring and to keep local, state and federal partners informed of Loring's success, its assets and potential and its needs for moral and financial support. Staff members meet with congressional delegates and their staff, state and county delegates, members of local civic organizations and with local and statewide representatives in business, education and the media.

## **LDA FUNDING**

**State of Maine.** In July 2007, the LDA received an appropriation from the State of Maine for \$282,890. This funding continues to be used for match funding for grants and for marketing and operating expenses. The State also did not provide financial support for operating expenses at the Loring Applied Technology Center through fiscal year 2008.

**Tax Increment Financing Fund.** The Loring Tax Increment Financing (TIF) Program allows the LDA to receive 50% of the Maine State Income Tax withheld from incremental jobs created at the Loring Commerce Centre (hired subsequent to July 1, 1996) to fund municipal type services provided at Loring. Contributions to this fund for fiscal year 2008 totaled \$748,374. These funds are used to fund municipal service costs, grant match costs and services that are no longer funded through the Caretaker Cooperative Agreement with the Air Force.

**Property Sale, Lease, Municipal Services and Miscellaneous Revenues.** During fiscal year 2008, the LDA received revenues from its tenants, from the sale of personal property and from miscellaneous revenues in the amount of \$1,610,848.

**Katahdin Trust Company.** The LDA secured a \$1,000,000 line of credit from Katahdin Trust Company to support development efforts. A \$125,000 debt was retired in July 2008.

**Loring Development Authority of Maine  
2008 Annual Report**

**Paragraph 1B: Audited Financial Statements**

**Loring Development Authority of Maine  
Fiscal Year 2008 Annual Report**

**Paragraph 1B: Audited Financial Statements for Fiscal Year 2008  
July 1, 2007 through June 30, 2008**

The attached Independent Auditor's Report was approved by the Loring Development Authority Board of Trustees on October 8, 2008.

# *Financial Statements*

LORING DEVELOPMENT AUTHORITY OF MAINE

as of

JUNE 30, 2008

together with

INDEPENDENT AUDITORS' REPORT



LORING DEVELOPMENT AUTHORITY OF MAINE

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying 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 years ended June 30, 2008 and June 30, 2007, 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, 2008, 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.

In accordance with *Government Auditing Standards* we have also issued our report dated September 9, 2008 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Loring Development Authority's basic financial statements. The schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules 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.

*Felch & Company, LLC*

September 9, 2008

Loring Development Authority of Maine

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

UNAUDITED

The management of the Loring Development Authority of Maine (LDA) is providing the following discussion and analysis of the financial activities for the year ended June 30, 2008. The LDA is a component unit of the State of Maine with a mission to create jobs and positive economic growth by redevelopment of approximately 3,700 acres of the former Loring Air Force Base located in Limestone, Maine.

Report Layout

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

Financial Highlights

- Total net assets decreased by \$476,931. The total decrease was due to depreciation expense of which \$755,569 was for assets donated by the U.S. Air Force, while \$74,096 was related to purchased assets.
- Total revenues of \$3,350,280 are comprised of 42% from lease revenue, 49% from state assistance, 3% from federal grants and 6% from other LDA operations.
- Net jobs increased from 1,404 to 1,574 due to the contract workload of 2 major Commerce Centre tenants. One tenant has closed in on its original expansion goal of 666 employees by fall 2008, reaching 633 on June 30, 2008. We do not anticipate any further major increases from this tenant at this time. Other tenants continue to add modest numbers of employees as business conditions permit.
- The annual Caretaker grant revenue for the maintenance and operation of essential services and facility maintenance ceased in September 2004. The LDA now relies on lease income, state assistance and other operations to support these operations. The LDA's cost for facility maintenance, operations of water and sewer plants distribution and collection systems, maintenance of a network of roads, parking lots, airfield pavements, together with services for fire, police and ambulance protection was \$1,905,867 in fiscal year 2008.

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

Statements of Revenues, Expenses and Changes in Net Assets

Statements of Cash Flows

Loring Development Authority of Maine

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

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 GASB 34, the LDA has included the estimated fair market value of net assets (structures, vehicles and equipment, aviation facilities, roads and accessory facilities, railroad facilities, special use structures and land) which were given to the LDA at no cost by the United States Air Force. The estimated net fair market value of total capital assets for the current year is \$66,666,087 as compared to a capital asset balance of \$67,704,443 for the prior year ending June 30, 2007.

Table 1 provides condensed data of the Statement of Net Assets for the fiscal years ended 2008 and 2007.

**Table 1**

**Net Assets**

	<u>2008</u>	<u>2007</u>
Current assets	\$ 1,137,043	\$ 1,670,856
Net capital assets	66,666,087	67,704,443
Notes receivable	1,070,170	1,113,709
Other assets	<u>880,971</u>	<u>285,268</u>
Total Assets	<u>69,754,271</u>	<u>70,774,276</u>
Current Liabilities	<u>562,320</u>	<u>1,105,394</u>
Total Net Assets	<u>\$69,191,951</u>	<u>\$69,668,882</u>

The Statements 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, 2008.

Loring Development Authority of Maine

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

UNAUDITED

Table 2 shows the changes in net assets for the fiscal years 2008 and 2007.

**Table 2**

**Changes in Net Assets**

	<u>2008</u>	<u>2007</u>
Revenues		
Program Revenues		
Federal and State Assistance	\$ 1,739,432	\$ 1,202,368
General Revenues		
Lease and Other	<u>1,557,234</u>	<u>1,629,352</u>
Total Operating Revenues	<u>3,296,666</u>	<u>2,831,720</u>
Operating Expenses:		
Salaries and Benefits	1,250,472	1,281,623
Travel	35,696	32,400
Contracted Services	261,887	234,881
Depreciation	829,665	817,591
Legal and Audit	47,201	22,299
Marketing	146,529	24,210
Supplies and Expenses	184,587	198,844
Maintenance	233,616	210,073
Utilities	628,658	511,458
Other General and Administrative	<u>208,900</u>	<u>141,702</u>
Total Operating Expenses	<u>3,827,211</u>	<u>3,475,081</u>
(Decrease) in net assets from operations	<u>(530,545)</u>	<u>(643,361)</u>
Other Revenues		
Other	<u>53,614</u>	<u>173,232</u>
(Decrease) in Net Assets	\$ <u>(476,931)</u>	\$ <u>(470,129)</u>

The Statements of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financial activities, and from capital and related financing activities. From this statement, the reader can obtain comparative information on the sources and uses of cash for the year.

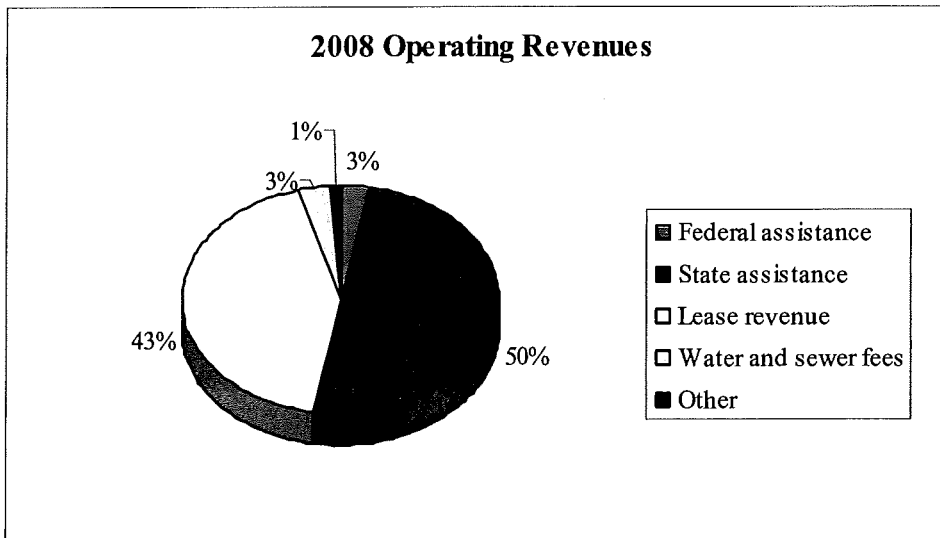
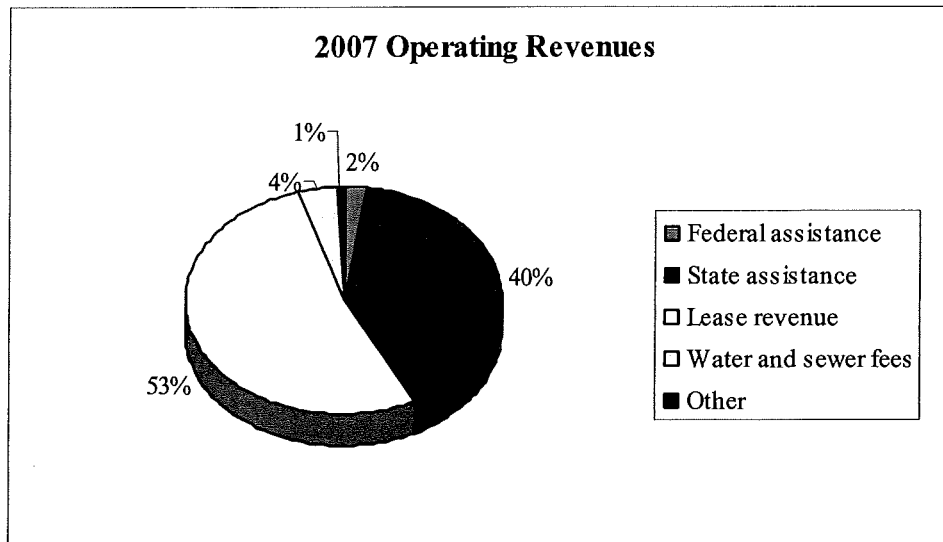
Loring Development Authority of Maine

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

UNAUDITED

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 \$3,350,280 in 2008 and \$3,004,952 in 2007. Operating revenues for the two years as represented in the tables below totaled \$3,296,666 in 2008 and \$2,831,720 in 2007. Grants and assistance amount to 53% and 42% of the LDA's revenues for the last two years.

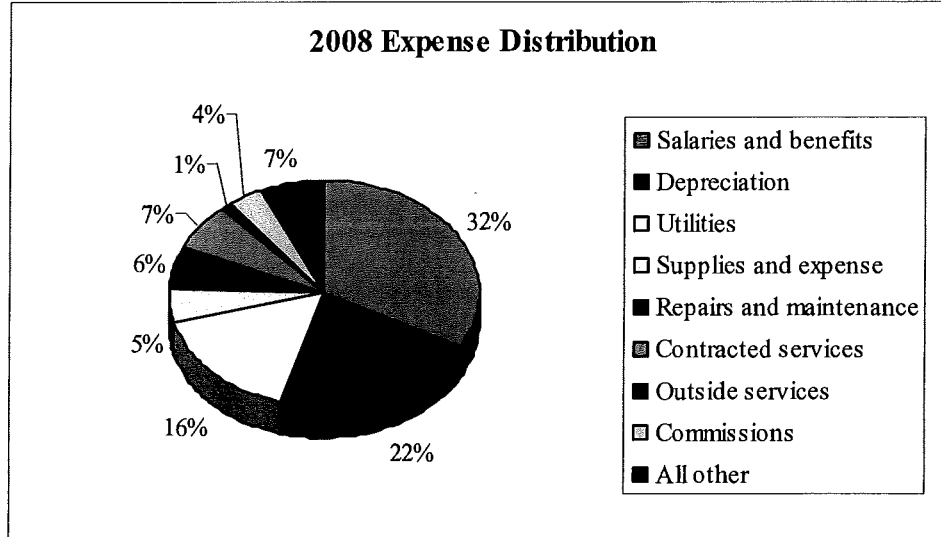
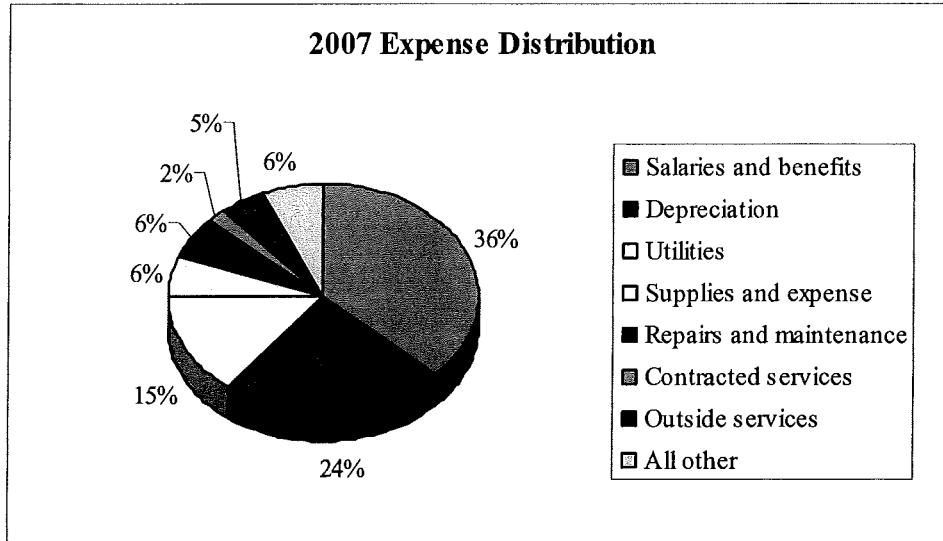


Loring Development Authority of Maine

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

UNAUDITED

Expenses amounted to \$3,827,211 in 2008 and \$3,475,081 in 2007. The following charts reflect the expenditures for the fiscal years ended June 30, 2008 and 2007.





Loring Development Authority of Maine

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

UNAUDITED

Capital Assets

At the end of fiscal year 2008, the Loring Development Authority had invested or received land, buildings, improvements, structures and facilities of \$75,592,593. Net of depreciation, these assets were recorded at \$66,666,087 Table 3 shows capital assets, net of accumulated depreciation.

**Table 3**

**Capital Assets at June 30  
(Net of Depreciation)**

	<u>2008</u>	<u>2007</u>
Land	\$10,167,000	\$10,167,000
Buildings	25,066,004	25,938,896
Equipment and Improvements	672,006	586,419
Special Use Structures	9,665,494	9,916,545
Aviation Facilities	15,578,087	15,578,087
Roadways and Accessories	3,517,496	3,517,496
Pipeline	<u>2,000,000</u>	<u>2,000,000</u>
Total Net Capital Assets	<u>\$66,666,087</u>	<u>\$67,704,443</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 a Line of Credit debt of \$125,000 outstanding as of June 30, 2008 which was retired in July of 2008.

Future Developments

The LDA has taken steps during the last few fiscal years to compensate for the loss of the Caretaker grant revenue which represents a current annual reduction of approximately \$1.7 million per year to protect and maintain the Loring property and funds were available for maintenance of vacant facilities, fire, police, water and sewer, and roadways. The Caretaker grant expired in September 2004. In order to compensate for the loss of the Caretaker grant, the LDA has reduced staff, developed agreements with local communities to provide assistance with fire protection and other essential services, and has deferred maintenance and capital expenditures on some infrastructure. The LDA has developed collaborations with other economic development groups which have proven effective at identifying development prospects. Meanwhile, as development has continued and vacant buildings have been returned to productive uses, fewer facility-maintenance resources will be needed. The LDA has also secured a commitment of resources from the Air Force to upgrade the water treatment plant and water distribution infrastructure and is working with a local sewer treatment district and the Maine DEP to consolidate waste water systems. Over the longer term, LDA's continued development will create more revenue from real estate operations that will be available to invest in repairing, replacing and upgrading infrastructure as well as further development efforts.

## LORING DEVELOPMENT AUTHORITY OF MAINE

EXHIBIT A

STATEMENT OF NET ASSETS  
JUNE 30, 2008 AND JUNE 30, 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and temporary investments (Note 3)	\$ 166,603	\$ 745,867
Due from State of Maine	748,374	766,526
Accounts receivable, net (Note 11)	115,263	114,365
Current portion of notes receivable (Note 12)	30,000	-
Other current assets	<u>76,803</u>	<u>44,098</u>
Total current assets	<u>1,137,043</u>	<u>1,670,856</u>
NON-CURRENT ASSETS		
Capital assets (Note 13)	75,592,593	75,871,925
Less allowance for depreciation	<u>(8,926,506)</u>	<u>(8,167,482)</u>
Total noncurrent assets	<u>66,666,087</u>	<u>67,704,443</u>
OTHER ASSETS		
Construction-in-progress	880,971	285,268
Notes receivable, net of current portion (Note 12)	<u>1,070,170</u>	<u>1,113,709</u>
Total other assets	<u>1,951,141</u>	<u>1,398,977</u>
Total assets	<u>69,754,271</u>	<u>70,774,276</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	127,487	147,154
Accrued expenses	108,468	79,803
Deferred revenue	59,152	74,849
Advances from federal government	11,566	11,566
Advances other	11,618	27,290
Advances from State of Maine	119,029	714,732
Line of credit	<u>125,000</u>	<u>50,000</u>
Total liabilities	<u>562,320</u>	<u>1,105,394</u>
<u>NET ASSETS</u>		
Invested in capital assets (Note 13)	66,666,087	67,704,443
UNRESTRICTED	<u>2,525,864</u>	<u>1,964,439</u>
Total net assets	<u>\$ 69,191,951</u>	<u>\$ 69,668,882</u>

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

## LORING DEVELOPMENT AUTHORITY OF MAINE

EXHIBIT B

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2007

	<u>2008</u>	<u>2007</u>
Operating revenues		
Federal assistance (Note 9)	\$ 90,933	\$ 65,827
State assistance (Note 9)	1,648,499	1,136,541
Lease revenue	1,410,528	1,494,097
Water and sewer fees	110,809	115,134
Other	35,897	20,121
Total operating revenues	<u>3,296,666</u>	<u>2,831,720</u>
Operating expenses		
Salaries and benefits	1,250,472	1,281,623
Depreciation	829,665	817,591
Utilities	628,658	511,458
Supplies and expense	184,587	198,844
Repairs and maintenance	233,616	210,073
Contracted services	42,974	66,594
Outside services - Fire and Security	218,913	168,287
Legal and audit	47,201	22,299
Insurance	26,038	34,046
Communications	27,917	34,200
Travel	35,696	32,400
Interest expense	2,120	1,474
Marketing	10,529	24,210
Projects expense	122,837	53,928
Commissions	136,000	-
Allowance for uncollectible accounts	29,988	18,054
Total operating expenses	<u>3,827,211</u>	<u>3,475,081</u>
Operating (loss)	<u>(530,545)</u>	<u>(643,361)</u>
Nonoperating revenues (expenses)		
Gain on sales of surplus property	6,062	12,560
Gain (loss) on sale of land	(31,354)	67,680
Interest income	78,906	92,992
Total other financing sources	<u>53,614</u>	<u>173,232</u>
Change in net assets	(476,931)	(470,129)
TOTAL NET ASSETS - JULY 1, 2007	<u>69,668,882</u>	<u>70,139,011</u>
TOTAL NET ASSETS - JUNE 30, 2008	<u>\$ 69,191,951</u>	<u>\$ 69,668,882</u>

*The accompanying notes are an integral part of these financial statements.*

## LORING DEVELOPMENT AUTHORITY OF MAINE

EXHIBIT C

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,474,754	\$ 1,669,319
Cash received from government assistance	1,757,584	1,082,784
Cash received from other income	35,897	20,121
Cash payments for salaries and benefits	(1,250,472)	(1,281,623)
Cash payments for contract services	(261,887)	(234,881)
Cash payments for goods and services	<u>(1,478,906)</u>	<u>(1,074,636)</u>
Net cash provided by operating activities	<u>276,970</u>	<u>181,084</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances on line of credit, net of payments	75,000	(150,000)
Advances from other governments	(611,375)	(20,661)
Payments received on notes receivable	13,539	54,988
Interest income	<u>78,906</u>	<u>92,992</u>
Net cash (used in) financing activities	<u>(443,930)</u>	<u>(22,681)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital acquisitions and construction	(387,012)	(292,058)
Sale of property	<u>(25,292)</u>	<u>80,240</u>
Net cash (used in) capital and related financing activities	<u>(412,304)</u>	<u>(211,818)</u>
Net (decrease) in cash and cash equivalents	(579,264)	(53,415)
Cash and cash equivalents - July 1, 2007	<u>745,867</u>	<u>799,282</u>
Cash and cash equivalents - June 30, 2008	<u>\$ 166,603</u>	<u>\$ 745,867</u>
Reconciliation of operating (loss) to net cash (used in) operating activities:		
Operating (loss)	\$ (530,545)	\$ (643,361)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	829,665	817,591
Changes in assets and liabilities:		
An (increase) decrease in accounts receivable	(898)	71,158
An (increase) decrease in due from other governments	18,152	(119,584)
An (increase) decrease in other current assets	(32,705)	10,523
An increase (decrease) in accounts payable	(19,667)	69,224
A (decrease) in deferred revenue	(15,697)	(11,070)
An increase (decrease) in accrued expenses	<u>28,665</u>	<u>(13,397)</u>
Net cash provided by operating activities	<u>\$ 276,970</u>	<u>\$ 181,084</u>

*The accompanying notes are an integral part of these financial statements.*

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND JUNE 30, 2007

(1) HISTORY OF ORGANIZATION

On July 12, 1991, the President of the United States accepted the recommendation of the Base Closure and Realignment Commission to close Loring Air Force Base (Loring) located in the Town of Limestone, Maine, 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 3,700 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 included a provision that provided the LDA with an average of \$2.7 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. This funding expired September 30, 2004. The lease given to the LDA in 1997 has been superseded in 2001 with a Quit Claim deed conveying a part of the property in fee title and in 2004 with the remainder of the property being conveyed by deed. The LDA also acquired a 185 mile pipeline in early 2005.

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 of 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, 2008 AND JUNE 30, 2007

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 the 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.

Cash and Cash Equivalents

The LDA has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. Currently, the LDA treats all their cash balances as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

Defining Operating Revenues and Expenses

The LDA's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the LDA consist of federal and state assistance for non-capital transactions as well as revenue derived from rental activities and the costs of providing rental property, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

(3) CASH IN BANK

Deposits with financial institutions are subject to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy is to invest in regional banks and federal securities and to insure the funds to as great a degree as possible. As of June 30, 2008 the Authority's deposits of \$179,145 were fully insured or collateralized with U.S. Governmental Agency securities held in the Authority's name.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2008 AND JUNE 30, 2007

(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, 2008 is \$31,858.

(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. Employer contributions to the plan, at 5% of gross wages, totaled \$48,839.

During 2008, the LDA initiated a 457(b) plan. Employees' contributions to the plan are discretionary, subject to the Internal Revenue Code limitations.

(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, 2008, future minimum lease payments are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Amount</u>
2009	\$1,129,344
2010	264,917
2011	273,250
2012	271,000
2013	237,658
Thereafter	<u>152,400</u>
	<u>\$2,328,569</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.

(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, 2008, a balance of \$875,000 is available for use.

(9) PUBLIC SECTOR FUNDING

The LDA is currently funded through the following public sources:

- (A) State of Maine - The State appropriated \$282,890 for the fiscal year ending June 30, 2008. 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.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2008 AND JUNE 30, 2007

(9) PUBLIC SECTOR FUNDING (Continued)

- (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 \$748,374 for the fiscal year ending June 30, 2008.
- (C) State of Maine - The State of Maine Department of Transportation awarded the LDA a grant of \$1,000,000 for airport facility renovations. Total funding earned by the LDA through this grant for the fiscal year ending June 30, 2008 was \$595,702.
- (D) The United States Environmental Protection Agency - The LDA was awarded by the U.S. Environmental Protection Agency, a grant of \$216,500 with the LDA providing matching funds of \$177,136. The purpose of the grant is to improve the integrity of the sewer lines and reduce inflow and infiltration. During 2008, the Agency received \$90,933 and provided matching funds of \$74,400.

(10) CONCENTRATION OF RISK

Federal and State Funding

The LDA received approximately 53% of its operating revenue from federal and state funding for the year ended June 30, 2008. The ability to continue its operations is dependent on continued funding.

Accounts Receivable

For the year ended June 30, 2008, approximately 73% of the LDA's accounts receivable was due from five customers.

(11) ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are shown net of the allowance for doubtful accounts. The allowance for doubtful accounts was estimated at \$71,608 for the year ending June 30, 2008.

(12) NOTES RECEIVABLE

On May 9, 2001 the LDA sold 271.5 acres 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. Beginning in May 2002, the LDA began working with Tin Cup Land Company LLC, because of an unforeseen loss of tenants (DFAS had decided to eliminate military workers at its center). As a result, for the years ending June 30, 2008 and June 30, 2007, LDA received interest only payments with the exception of \$52,287 principal payments from sales of real estate. As of June 30, 2008 Tin Cup Land Company LLC is current with their interest payments. Management continues to work with Tin Cup Land Company LLC to develop a mutually agreeable repayment plan and to restructure the note. Accordingly, no amount is included in the current portion of notes receivable. As of the date of the financial statement, the outstanding balance of this note was \$1,096,400. In management's opinion, the note will be collected in full.



## LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2008 AND JUNE 30, 2007(12) NOTES RECEIVABLE (Continued)

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 balance of this loan as of the date of the financial statement is \$3,770. Management feels that this loan is not collectible and, therefore, has currently provided a provision for bad debts of \$3,770.

(13) CAPITAL ASSETS

With the exception of the assets acquired from the United States Air Force, (see below) all capital assets are stated at cost (or estimated historical cost) and updated for additions and retirements during the year. Assets acquired with grants are also stated 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 not in use are also 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, 2008 was as follows:

CAPITAL ASSETS ACQUIRED BY LDA - (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
Equipment and improvements	<u>804,182</u>	<u>156,741</u>	<u>47,630</u>	<u>913,293</u>
Totals at historical cost	<u>814,182</u>	<u>156,741</u>	<u>47,630</u>	<u>923,293</u>
<b><u>Less Accumulated Depreciation</u></b>				
Equipment and improvements	<u>306,763</u>	<u>74,096</u>	<u>50,572</u>	<u>330,287</u>
Total accumulated depreciation	<u>306,763</u>	<u>74,096</u>	<u>50,572</u>	<u>330,287</u>
Capital assets at historical cost, net	<u>\$ 507,419</u>	<u>\$ 82,645</u>	<u>\$ (2,942)</u>	<u>\$ 593,006</u>

## LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2008 AND JUNE 30, 2007(13) CAPITAL ASSETS (Continued)CAPITAL ASSETS ACQUIRED FROM AIR FORCE

	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	5,925,889	-	-	5,925,889
Leased	19,367,146	-	67,000	19,300,146
Not in use	5,728,037	-	315,444	5,412,593
	<u>31,021,072</u>	<u>-</u>	<u>382,444</u>	<u>30,638,628</u>
Equipment				
In use	142,500	-	6,000	136,500
Not in use	89,000	-	-	89,000
	<u>231,500</u>	<u>-</u>	<u>6,000</u>	<u>225,500</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
Natural gas pipeline	2,000,000	-	-	2,000,000
Total Other Facilities	<u>17,578,087</u>	<u>-</u>	<u>-</u>	<u>17,578,087</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>75,057,744</u>	<u>-</u>	<u>388,444</u>	<u>74,669,300</u>
<b><u>Less Accumulated Depreciation</u></b>				
Buildings				
In use	1,244,126	118,515	-	1,362,641
Leased	3,838,050	386,003	14,070	4,209,983
	<u>5,082,176</u>	<u>504,518</u>	<u>14,070</u>	<u>5,572,624</u>
Equipment				
In use	<u>142,500</u>	<u>-</u>	<u>6,000</u>	<u>136,500</u>
Special Use Structures				
Water plant and distribution	1,066,808	101,601	-	1,168,409
Sewer and waste water	1,569,236	149,450	-	1,718,686
	<u>2,636,044</u>	<u>251,051</u>	<u>-</u>	<u>2,887,095</u>

## LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2008 AND JUNE 30, 2007(13) CAPITAL ASSETS (Continued)CAPITAL ASSETS ACQUIRED FROM AIR FORCE (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retire- ments/ Reclassi- fications</u>	<u>Ending Balance</u>
Total accumulated depre- ciation	<u>7,860,720</u>	<u>755,569</u>	<u>20,070</u>	<u>8,596,219</u>
Capital assets acquired from Air Force, net	<u>67,197,024</u>	<u>(755,569)</u>	<u>368,374</u>	<u>66,073,081</u>
TOTAL CAPITAL ASSETS				
Capital assets	75,871,926	156,741	436,074	75,592,593
Less accumulated de- preciation	<u>(8,167,483)</u>	<u>(829,665)</u>	<u>(70,642)</u>	<u>(8,926,506)</u>
Total net capital assets	<u>\$67,704,443</u>	<u>\$ (672,924)</u>	<u>\$365,432</u>	<u>\$66,666,087</u>

On April 4, 1997, the LDA received 3,700 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. The LDA has since obtained this property in fee title.

During fiscal year 2005, the United State Air Force transferred to the LDA additional property consisting of a natural gas pipeline extending from Searsport, Maine to Limestone, Maine. The pipeline was not in service at June 30, 2008, but is expected to be leased during a subsequent fiscal year.

During fiscal year 2005, the United State Air Force transferred to LDA the title to a building currently occupied by federal employees (DFAS). The transfer of the deed for the DFAS property to LDA was contingent upon LDA's promise to lease the property back to the United States at no cost. The 50-year lease may be renewed or extended by the U.S. Government at its option and there is no provision in the lease for LDA to decline an extension or renewal. The U.S. Government may also terminate the lease at any time, but LDA is not given the option to terminate the lease.

The U.S. Government may use the DFAS property for any government purpose and is not required to pay any taxes, assessments or similar charges. However, the U.S. Government is responsible for all costs and liabilities associated with the property as if it were the owner.

Accordingly, the DFAS center is not included as a capital asset on these financial statements.

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

## LORING DEVELOPMENT AUTHORITY OF MAINE

SCHEDULE 1

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

<u>Function</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contri- butions</u>	<u>Capital Grants/ Contri- butions</u>	<u>Total</u>
General operations	<u>\$ (3,827,211)</u>	<u>\$ 1,521,337</u>	<u>\$ 112,467</u>	<u>\$ 595,702</u>	<u>\$ (1,597,705)</u>
General revenues (expenses):					
State appropriations				282,890	
Loring Job Incremental Financing				748,374	
Interest income				78,906	
Sales of surplus property				(25,293)	
Other				35,897	
				<u>1,120,774</u>	
Change in net assets				(476,931)	
Net assets, July 1, 2007				<u>69,668,882</u>	
Net assets, June 30, 2008				<u>\$ 69,191,951</u>	

# FELCH & COMPANY, LLC

*Certified Public Accountants*

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(207) 498-3176  
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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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, 2008, which collectively comprise the LDA's basic financial statements and have issued our report thereon dated September 9, 2008. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the LDA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the LDA's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the LDA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the LDA's financial statements that is more than inconsequential will not be prevented or detected by the LDA's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the LDA's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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.

*Felsh & Company, LLC*

September 9, 2008

**Loring Development Authority of Maine  
2008 Annual Report**

**Paragraph 1C: Property Transactions**

**Loring Development Authority of Maine  
Fiscal Year 2008 Annual Report**

**Paragraph 1C: Property Transactions during Fiscal Year 2008  
July 1, 2007 through June 30, 2008**

**FISCAL YEAR 2008 PROPERTY TRANSACTIONS**

**PROPERTY SALES** Bigelow Aerospace, LLC purchased seven acres of property at the north end of Loring's airfield. A building on the property was demolished and the company is now constructing a satellite tracking facility on the site.

Danny MacDonald, of MacDonald Enterprises, purchased three buildings and three acres of property at Loring. MacDonald Enterprises, a wood and metals products manufacturer, leased two of the buildings for several years. The third building and lot are adjacent to the property leased by MacDonald.

Mojave Property Management, LLC purchased Building #2500 and associated land. The building, formerly used as visiting officers quarters by the Air Force, was converted into 45 one-bedroom and efficiency apartments.

**LEASES** LDA entered into a new five-year lease with Sitel Operating Corporation (Sitel). Sitel leases 25,000 square feet of space in building #8700, leaving a significant portion of the approximately 47,000 square foot building for another commercial use.

Kevric Farms occupies the 28,000 square foot dock-22 under a license agreement. The company expanded its business for hay and straw for mulch, high-quality animal feeds, wood and straw-based animal bedding. A proposed lease agreement includes an option to purchase the building.

Pineland Farms Natural Meats, Inc. Pineland Farms occupied property in the nosedock area at Loring this summer where it operated a cow manure composting operation, using it as a demonstration project. Pineland intends to move the operation into the 194,000 square foot DC hangar, allowing composting to continue through the winter months.

A & J Industries will occupy dock-40. The 28,000 square foot building will be used for processing and storing packaged firewood, which will be sold to customers such as Home Depot.

The Limestone Rotary Club now meets in Building #5055 at Loring. They are the second tenant in the multi-tenant facility, which also houses a deli-style restaurant and has space available for a third small-space user.

Off the Grid Energy Alternatives, LLC, a start-up energy company, temporarily leased an office at the Loring Applied Technology Center. The company intends to return to Loring and negotiate a long-term agreement.

LDA issued short-term licenses to businesses and organizations in need of short-term use of various facilities at Loring.



**Loring Development Authority of Maine  
2008 Annual Report**

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

**NONE**

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

**NONE**

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

**NONE**

**Loring Development Authority of Maine  
2008 Annual Report**

**Paragraph 1G: Subsequent Events and Proposed  
Activities for Fiscal Year 2008**

**Loring Development Authority of Maine  
Fiscal Year 2008 Annual Report**

**Paragraph 1G: Subsequent Events – July 1, 2008 to October 15, 2008  
and Proposed Activities for Fiscal Year 2008 – July 1, 2008 through June 30, 2008**

**SUBSEQUENT EVENTS**

Highlights of the activities on the Loring Commerce Centre between July 1, 2008 and October 15, 2008 are provided below.

Repair work at the Sitel building is underway. The building has a new roof and several other upgrades will be made to update the building. LDA secured funding from the Northern Maine Development Commission for the upgrades. A \$200,000 will be used for a new roof membrane and a line of credit for up to \$500,000 will be used to fund tenant improvements (carpets, workstations, lighting, and wall coverings). The tenant repays the outstanding balance of the line of credit over the term of the lease.

LDA is working with USDA's Rural Development office and the state's Office of Community Development to identify additional sources of grant funding for upgrading its sewer collection system, which is a critical part of the regional wastewater project.

LDA submitted a grant request from the Fish America Foundation that would assist with restoration of the fishladder on the Madawaska Dam.

LDA approved a proposal from Jumbo Jet Air Leasing for the lease of the Snowbarn. The company intends to house its aircraft retrofitting operation in the hangar.

A Land Speed Racing prospect has proposed using Loring's runway to host land speed race events a few weekends per year.

The Maine Army National Guard has proposed constructing a facility at Loring for vehicle storage. Other Guard operations may locate at Loring in the future.

Efficiency Maine hosted a Building Operator Certification class at the Loring Applied Technology Center.

LDA President & CEO, Carl W. Flora, assisted with a Leadership Maine tour that included a tour of several businesses at Loring.

## **PROPOSED AND PROJECTED ACTIVITIES FOR FISCAL YEAR 2009**

In addition to ensuring that our existing tenants remain viable business entities, the LDA intends to carry out the following activities in fiscal year 2009.

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

Continue to assist with emerging and newly proposed development projects such as the Loring Bioenergy cogeneration project, the Lamb Weston potato processing facility, the Bigelow Aerospace satellite tracking station, Cathie Pelletier's moving production plans and others.

Continue to work in support of alternative energy projects including Pneu-hydro Energy and Off the Grid Energy Alternatives and potentially a community wind project.

Continue to work with the FAA to position Loring for an instrument certification for the Loring International Airport. The certification is necessary for Loring's airport to reach its fullest potential.

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

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

Significant telecommunications infrastructure upgrades made by Verizon at Loring support Sitel, the National Job Corps Data Center, DFAS and other businesses. LDA will continue to market this little recognized asset.

Complete the repair of the fish ladder at the LDA dam on the Little Madawaska River with the help of a USDA/NRCS grant.

Continue to pursue rail service at Loring, which will be required by large manufacturers.

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

Continue working to resolve the municipal service fees issue with Job Corps.

Continue working with the Town of Limestone and the MDEP on a regional wastewater system project that will support the needs of both Limestone and Loring and will help ensure compliance with environmental regulations.

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

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.

Work with Aroostook Partnership for Progress in its efforts to market the County including Loring and to attract new economic development projects to northern Maine.

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.

Be prepared to move into a third phase of development, which includes building new facilities for large space users and other prospects. LDA has few large facilities available. Continue demolishing substandard structures at Loring, increasing the Commerce Centre's marketability by creating open space for new construction and improving its aesthetic value.

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

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

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

**Loring Development Authority of Maine  
2008 Annual Report**

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

**Loring Development Authority of Maine  
Fiscal Year 2008 Annual Report**

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

As discussed when LDA met with State Representatives from the Appropriations Committee and the Business, Research and Economic Development Committee, development activity at Loring continues to require the financial support of the State of Maine. Basic operating costs associated with Loring, while significant, are small and well-justified when considering the magnitude of the annual economic impact (estimated at \$150M) and tax revenues that are derived from Loring's activity.

LDA will continue to collaborate with state and local officials to identify resources for capital improvements. While LDA's operating revenue supports its day-to-day operations, it cannot finance capital improvement such as facility upgrades, utility infrastructure upgrades and roadway maintenance.

Please note that the 26 miles of active roadways at Loring are currently classified as private roads by MDOT although they serve people from many communities. The private designation makes funding traditionally available to municipalities unavailable to LDA. Re-designating the roads as public roadways would open the door for LDA to receive funding for roadway maintenance as do other communities in the state.

Please also see Proposed Activities for Fiscal Year 2008 in Paragraph-G of this report.

**Loring Development Authority of Maine  
2008 Annual Report**

**ADDENDUMS**

- 1. Loring Development Authority Board of Trustees**
- 2. Loring Development Authority Development and Field Staff**
- 3. Loring Commerce Centre Tenants**
- 4. Employment/Tenant Status Report**



## **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 who 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, 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.

**Vice Chair, 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.

**Treasurer, Edmond Therrien**, resident of Presque Isle, is a Producer at Hayden Perry Insurance Agency. Mr. Therrien has served on the LDA Board since 2005.

**Secretary, 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.

**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.

**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.

**Francis E. Bemis**, resident of Presque Isle, serves as an attorney at Bemis and Rossignol, LLC. Mr. Bemis has served on the LDA Board since 2008.

**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 a former 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.

**Terence Harrigan**, resident of Bangor, is an Attorney with the Vafiades, Brountas & Kominsky law firm. Mr. Harrigan has served on the LDA Board since 2005.

**Maynard D. St. Peter**, resident of Caribou, is retired and remains actively involved in community affairs. Mr. St. Peter has served on the LDA Board since 2007.

**John Richardson**, resident of Brunswick, is the Commissioner of the State Department of Economic and Community Development. Commissioner Richardson has served on the LDA Board since 2007.

## **LORING DEVELOPMENT AUTHORITY OF MAINE EMPLOYEES**

### **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, roads, grounds 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.

**Facilities Manager, Neal R. Haines**, coordinates and oversees the day-to-day municipal maintenance type operations of the facility which include buildings, roads, grounds, 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 including human resources. Mr. Haines has been employed at the LDA since September 26, 1994.

**Marketing and Public Information Manager, Diane M. Martin**, is responsible for assisting with tenant support, public relations and marketing. Ms. Martin has been employed at the LDA since September 12, 1994.

**Director of Business Development, Edwin E. Nickerson**, manages new business development and assistance efforts including business attraction, development and support; financial administration; and participation on local and State boards. Mr. Nickerson has been employed at the LDA since February 13, 2001.

**Administrative Assistant, Mary E. Saunders**, is assistant to the Facilities Manager. She is responsible for environmental reporting as well as clerical support and reporting for Loring Utilities. Ms. Saunders has been employed at the LDA since January 17, 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 a variety of projects. Ms. Sturzl has been employed at the LDA since September 21, 2000.

### **LDA FIELD STAFF**

**Paul L. Barnes**, Public Safety Officer

**Charles R. Bernard**, Roads and Grounds Maintenance Worker

**Raymond A. Bernier**, Maintenance Superintendent

**Ulyesse J. Bernier**, Water Plant Operator  
**Charles L. Cyr**, Roads and Grounds Maintenance Worker  
**Charles R. Cyr**, Waste Water Plant Operator  
**Mark A. Descoteaux**, Waste Water Plant Operator  
**Robert G. Doucette**, Water and Wastewater Collection & Distribution Systems Worker  
**Steven C. Gagnon**, Water Plant Operator  
**Robert J. Johnston**, Roads & Grounds Maintenance Worker Leader  
**Alan L. Lightbown**, Fuels Distribution System Mechanic  
**James E. Marquis**, Water and Wastewater Collection & Distribution Systems Foreman  
**Wayne W. Pryor**, Electrician  
**E. James Wilson Sr.**, Roads and Grounds Maintenance Worker

LDA Occasionally employs temporary employees as needed to accomplish projects or address workload issues.

## LORING COMMERCE CENTRE TENANTS

**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 several bases and Air National Guard units across the U.S. and in foreign countries. As the DFAS system is reorganized, the DFAS Limestone center will grow from the 628 jobs it now supports to no less than 660.

**Maine Military Authority.** The Maine Military Authority (MMA) operates the Army National Guard's Maine RS Maintenance Center where an array of military and municipal vehicles are refurbished. In November 1997 the operation began in two buildings with 20 employees and a \$4 million budget. Today, MMA occupies nine buildings, employs 390 people, has a budget of over \$40 million and is ISO certified. Being organized as MMA allowed the center to serve customers other than the National Guard Bureau such as the various military branches, and state and local governments.

**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 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.

**National Job Corps Data Center.** The National Job Corps Data Center, operated by RS Information Systems (RSIS), provides data backup services for the U.S. Department of Labor National Job Corps Centers. 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 eleven people are employed.

**Sitel Corporation.** Sitel, the global leader in outsourced telephone-based customer service, began operations at Loring in 1998. The operation includes both outbound and inbound call centers. Two shifts are operated daily, in order to serve its many clients and customers. Sitel employs 225 people.

**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 custom designs and manufactures illuminated signs such as those used by banks, new car dealerships and many other businesses. Pattison established its first U.S. manufacturing plant at Loring, beginning operations in April 2004. This manufacturing operation employs 50 people and it is now the company's primary manufacturing facility in the United States.

**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. It employs fifteen people.

**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 expanded its aviation services operation to Loring where it is working with its partner, SAIC (Science Applications International Company), to establish a UAV (unmanned aerial vehicle) project at Loring. The project, which includes the development and testing of unmanned aircraft such as blimps or airships, is being expanded. Telford employs five people and more jobs are expected as the operations expand.

**Aroostook National Wildlife Refuge.** The 4,700-acre refuge belongs to 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 at Loring. Friends of the Aroostook National Wildlife Refuge support its programs through education, fundraising, recreational and volunteer projects.

**Limestone Country Club.** The owners of the country club, the Limestone Country Club Developers, successfully operate Loring's nine-hole golf course. They also own and manage the rental of 150 housing units and are selling houses and house lots in a newly created subdivision.

**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.

**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. Five people are employed by Pines at Loring.

**S.W. Collins Company.** S.W. Collins Company, a hardware and building materials supplier, located its new commercial line operation in the Loring Applied Technology Center. The line features custom-built products for commercial customers, offering a wide range of highly refined wood products including custom-built cabinetry and cases.

**Loring Military Heritage Center.** The Loring Military Heritage Center (LMHC), a museum of Loring Air Force Base history, was created by a group of enthusiastic and dedicated volunteers. LMHC has an impressive collection of Loring memorabilia and artifacts housed in their 1,900 square foot facility.

**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.

**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.

**MacDonald Enterprises.** MacDonald Enterprises is a wood and metal products manufacturer operating in approximately 20,000 square feet of space in two buildings.

**Robin's Chocolate Sauce.** Robin's Chocolate Sauce owners have developed a variety of chocolate sauces and are successfully producing and marketing their products.

**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.

**Mary Kay.** Leasing office space at Loring allowed a Mary Kay consultant to expand her home based business and better serve her clients.

**URS.** URS, an environmental engineering firm working for the Air Force Base Real Property Agency, works out of a building by Loring's airfield.

**The Flightline Café & Catering.** Located at 170 Development Drive, The Flightline Café & Catering is a deli style restaurant. The business also caters special events of all sizes and can host events at Loring's NCO Club.

**The Loring Inn.** This hotel facility, once accommodated visiting Air Force officers. It now offers first class accommodations to the public with 18 suites and 6 single rooms.

**Kevric Farms, LLC.** is now operating a new business at Loring. The company stores and processes feed grain and hay for local customers. It supplies the demand for hay and straw for mulch, high-quality animal feeds, and wood and straw-based animal bedding.

**Majove Property Management, LLC.** Majove Properties offers one-bedroom and efficiency apartments at Loring in a building that it is purchasing. This project fills the need for small residential rental units in the area.

**Bigelow Aerospace, LLC.** Bigelow Aerospace is developing, constructing, launching and testing human-habitable space complexes, revolutionizing the space tourism industry.

LORING DEVELOPMENT AUTHORITY  
MONTHLY EMPLOYMENT / TENANT ACTIVITY REPORT

30-Sep-08

DEVELOPMENT ACTIVITIES

REUSE ACTIVITY	TYPE	JOBS/RESIDENTS			PROPERTY ABSORBED	
		Prior Month	Current	Projected	Bldg SF	Acres Utilized
PRIVATE SECTOR						
Bigelow Aerospace	Aviation	0	0	0	3,223	7
Flightline Café	Service	4	4	3	1,500	0.5
Loring Inn	Hotel	2	2	2	21,995	3
Hydroblend, Inc.	Manufacturing	15	15	30	40,888	2
International Sourcing Inc.	Commercial	4	4	5	4,824	1
Kevric Farms	Agricultural Storage	0	0	0	28,006	5
Limestone Country Club	Recreation/Residential	9	8	20	326,685	270
Loring Applied Technology Ctr	Commercial	0	0	3	42,075	3
Robin's Chocolate Sauce	Manufacturing	2	1	2		
Pneu-Hydro Energy	R&D	1	1	1		
S.W. Collins	Manufacturing	5	5	7		
Mary Kay Consultant	Office	1	1	1		
Off-the-Grid Energy Alternatives	Alternative Energy	0	0	4		
Loring Health Center (Cary)	Health Care	6	6	7	2,000	1
Loring Military Heritage Center	Museum	0	0	1	1,900	1
MacDonald Enterprises	Manufacturing	1	1	12	19,762	2
Mojave Property Management	Residential Provider	3	4	6	38,058	4.58
Pattison Sign Group	Manufacturing	46	49	70	60,000	5
Sitel Insurance Services	Call Center	237	228	352	47,783	12
URS	Commercial	0	0	1	3,950	1
WPS	Commercial	0	0	0	28,838	5
Telford Group/SAIC	Aircraft MRO	6	5	30	126,303	12
TOTAL PRIVATE SECTOR:		342	334	557	797,790	335.08
PUBLIC SECTOR						
Dept of Labor RS Info Systems	Data Management	11	11	40	7,835	4.5
DFAS	Office	630	628	662	142,400	15
Maine Military Authority	Vehicle Refurbishment	407	399	525	438,906	23
TDC (Loring Job Corps Center)	Educational/Office	145	143	147	270,022	42
US Fish & Wildlife	Wildlife Refuge	1	1	5	8,600	4,700
TOTAL PUBLIC SECTOR:		1,194	1,182	1,379	867,763	4,784.5
LDA	Development	21	21	21	94,996	100
TOTAL EMPLOYMENT:		1,557	1,537	1,957	1,760,549	5,219.6
RESIDENTIAL						
Individual Residences	Residents	9	9	58	*	
Limestone Estates	Residents	195	180	250	*	
Mojave Property Mgmt	Residents	31	68	40	+	
Loring Job Corps	Student Residents	296	322	400		
TOTAL RESIDENTIAL:		531	579	748		
GRAND TOTAL		2,088	2,116	2,705	1,760,549	5,219.6
Total Available Space:					2,795,587	

Total Available Space: 2,795,587

\* acreage included in sale to Limestone Country Club;

+ square feet and acreage included in Private Sector, above

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.