

# **2011 ANNUAL REPORT**

# LORING DEVELOPMENT AUTHORITY OF MAINE





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October 28, 2011

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

Dear Mr. Boulter:

Pursuant to "Section 13080-L Annual Report" of the Loring Development Authority of Maine's (LDA) enabling legislation, please find enclosed a complete report of the activities of the LDA for the fiscal year ended June 30, 2011. The report includes a summary of the LDA's development activities and audited financial statements for FY11. Subsequent events through October 15, 2011 and proposed activities for FY12 are also reported.

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

Very truly yours,

a awarten

Carl W. Flora President & CEO

Enclosure

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

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

Loring Development Authority of Maine 154 Development Drive, Suite F Limestone, Maine 04750 phone: (207) 328-7005 fax: (207) 328-6811 e-mail: LDA@loring.org TTY: 1-800-437-1220 Paragraph 13080-L Fiscal Year 2011 Annual Report July 1, 2010 – June 30, 2011

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Loring Development Authority of Maine Fiscal Year 2011 Annual Report July 1, 2010 – June 30, 2011

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

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

1. Manages a 3,700-acre business-commercial and industrial park including a 1,600-acre aviation complex;

2. Serves as landlord and/or supplies municipal-type services to approximately 25 businesses and employers who collectively employ approximately 1,224 employees and occupy approximately 1.7 million square feet of space in nearly 90 major buildings;

3. Supports Loring's existing (and future) businesses and employers as well as Loring's 564 residents by operating a water treatment plant, water distribution system, and a wastewater collection system; maintaining and plowing 26 miles of roadways; performing grounds maintenance on hundreds of acres of developed and developable property; and providing for fire and ambulance services, law enforcement services and wastewater treatment; and

4. Works with existing and prospective new Loring businesses to develop opportunities to reuse additional facilities and properties, to create additional employment and economic activity both at Loring and in the broader region.

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

# FISCAL YEAR 2011 ACCOMPLISHMENTS

The following summarizes the LDA's accomplishments for fiscal year 2011, which support its primary mission of job creation and facility absorption on Loring Commerce Centre.

**LORING BIOENERGY, LLC**. On September 24, 2010, the LDA and Loring Bioenergy (LBE) executed closing documents for the LBE real estate transaction, initiating the beginning of a new phase for the LBE project. The closing transferred 54 acres of land and seven facilities at Loring to LBE. One building on the LBE property, the central heat plant has been demolished; the newly cleared site is anticipated to the used for the construction of a DC converter facility or

other energy-related projects addressing transmission and other electrical needs, creating new employment and potentially enabling additional projects elsewhere in Aroostook County.

The LBE transaction also includes the lease of the Searsport to Loring pipeline with the pipeline right-of-way, which the company plans to reactivate. Phase-1 of the pipeline project would reactivate the southern section of the pipeline, using it to deliver natural gas to support industrial activity. The rights to operate this line segment may be licensed to a third party (with LDA's consent). LDA will receive royalties on this use.

ALTAEROS ENERGIES. Altaeros is a small development stage company with roots at MIT. It has arranged to conduct tests of the company's airborne wind turbine this fall utilizing the Arch Hangar and a portion of Loring's airfield. Altaeros' innovation, a wind turbine in a helium-filled housing, ascends to an altitude of 500 feet or more, to take advantage of stronger winds aloft, and transmits generated electricity to the ground through a tether cable. The housing/turbine unit can be deployed rapidly and the military branches are taking a great interest in this new technology. Altaeros will operate out of the Arch Hangar for several months while their testing program is underway. The project was coordinated by and through SAIC.

**MAINE ENERGY PERFORMANCE SOLUTIONS.** Maine Energy Performance Solutions together with The Power Company approached the LDA with a concept for establishing a utility scale solar farm at Loring. LDA entered into an exclusive negotiating agreement with MEPS/TPC while the companies conducted a feasibility study to determine the technical and financial feasibility of the concept. The agreement allowed the companies to commit their time and resources to the study without the threat of competing proposals for other solar projects. The feasibility study shows that utility-scale solar generation may be successful, but casts doubt on the usability of the New Markets Tax Credit program.

Loring has several features that make a solar installation attractive including a high concentration of commercial electrical customers; relatively large tracts of open land in proximity to electrical infrastructure and customers. Also, the U.S. Environmental Protection Agency – a potential supporter for the project with grant funding – encourages such projects to utilize "Brownfields" sites which are suitable only for limited types of development.

**IBERDROLA RENEWABLES.** Iberdrola Renewables proposed the concept and potential benefits of a large wind farm at Loring, with 100 or more two-megawatt wind turbines constructed at a cost of \$400 to \$500 million. Loring, with its infrastructure, buildings, roads and wind resources, is an ideal wind farm site. However, due to the height of the turbines, aviation uses at Loring would no longer be possible and the current lack of a transmission system to deliver the power to market would not permit such a project to move forward. LDA and Iberdrola continue to evaluate the potential for a large-scale wind farm at Loring.

LASER POWER SYSTEMS & RED HAWK METALS, LLC. Laser Power Systems & Red Hawk Metals proposed the establishment of a laser-thorium powered turbine/generator project Loring. The partners are developing a working demonstration laser-powered thorium turbine unit; the lasers and some components would be manufactured at Loring making use of the Jet Engine facility and Alert facility compound. A generator farm supplying the local grid was also proposed and if a transmission solution is found tying Aroostook County's potential generation into the larger New England grid, a much larger generator farm would be feasible. **THREE RING BINDER (TELECOMMUNICATIONS) PROJECT.** LDA hosted the Maine Fiber Company and Tilson Technologies ribbon cutting ceremony for the 3 Ring Binder (3RB) kick off in Aroostook County. Federal funding dedicated to upgrading the communication infrastructure in rural areas made the 3RB project a reality in Maine. Maine Fiber Co. is installing dark fiber (144 and 288 strand fiber optic cable) in selected areas in the state including the Loring campus, making dark fiber available at competitive rates, which is good for business. Most of Loring's business locations will be within a few hundred feet of this new resource. As a direct result of the 3RB announcement, the LDA has been in discussions with a cloud computing center to locate a facility at Loring. More information can be found at the Maine Fiber Company web site: www.mainefiberco.com

**ROAD PAVING.** Loring's main entrance and the first mile of road way, Northcutt Road were repaved this year along with an additional quarter mile of the heavily traveled, four-lane Cupp Road. The \$350,000 project, which was not financially supported by any external funding sources, included removal of existing, crumbling asphalt, drainage repair, a sub layer then a top layer of asphalt. Although the surface of the roadways had deteriorated significantly, the road base remained intact. Approximately 10% of Loring's roadways were paved in this 2010 project, leaving a significant amount of paving work to be completed before the remaining roadways suffer deterioration of their road base in addition to surface damage, which would substantially increase the cost of rehabilitating Loring's roads.

WATER SUPPLY SYSTEM UPGRADES. LDA and the Air Force entered into a Memorandum of Agreement, which included an award of \$1.5 million for future upgrades to the water treatment plant and distribution system. The MOA fulfills the Air Force's responsibility to provide potable water to Loring, where groundwater contamination prevents the use of wells. The funding will be used to match a \$1,132,000 grant from the Economic Development Administration. The grant provides for 50% of the costs of a \$2,264,000 project to upgrade Loring's drinking water treatment infrastructure – the water treatment plant and water impoundment dam on the Little Madawaska River. Upgrades will allow the plant to perform at its rated capacity of 2.3 million gallons per day and will incorporate modern technology. The upgrades will bring the plant into compliance with all new applicable water quality standards, and will enable the plant to support large, water-intensive manufacturing uses.

**INFLOW AND INFILTRATION (I&I) REDUCTION AT LORING COMMERCE CENTRE.** Reduction of the I&I of ground and surface water in Loring's wastewater collection systems is an ongoing project. The estimated cost to reduce Loring's I&I by 80% is \$5 million. A portion of the I&I work at Loring was completed in-house. A second phase, which replaced the collection system serving Loring's residential area, is now complete and phase three is ready to move forward. Phase three includes an area along the East Branch of the Greenlaw Brook. The \$1,626,000 project was funded by a \$405,280 grant and a \$454,720 loan from the American Reinvestment & Recovery Act (\$860,00 total from the Recovery Act) through the Maine Department of Environmental Protection and the Maine Municipal Bond Bank; and a \$960,000 grant and a \$330,000 loan from Rural Development (\$1,290,000 total from Rural Development). Reduction of I&I will result in additional capacity for new rate-paying wastewater customers including industrial users, removing constraints on economic growth.

LDA worked with U.S. Fish and Wildlife to secure a new easement for two separate segments of its sewer line, which are being replaced in phase three. The easement will allow the segments of the sewer collection line to be moved from the current locations along Greenlaw Brook to drier

ground along a private roadway. LDA will release the existing easements in exchange for the new easements on USFW property at Loring.

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

SMALL BUSINESS FACILITIES UPGRADES. LDA's \$1 million Small Business Administration (SBA) earmark grant is funding improvements to facilities for small business uses. The 8,000 square foot former library was the first building improved with SBA funds, a new roofing system including insulation was installed, protecting the building from water damage and saving on heating costs. Additional work to be completed with SBA assistance is similar in design – facilities suitable for small business operations will be improved; energy efficiency is a priority.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION (SAIC) SAIC's unmanned aircraft development operations at Loring included the SKYBUS 30K, with a 30,000 cubic foot volume, then the SKYBUS 80K, with an 80,000 cubic foot volume. The 80K blimp was moved to Arizona for further testing by the U.S. Army at its proving ground in Yuma. SAIC is working on two additional projects to Loring, a larger airship that can be flown either in manned or unmanned and a fixed wing surveillance aircraft. SAIC maintains a presence at Loring through a lease arrangement with MainXPO.

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

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

**MMA.** Maine Military Authority had 150 layoffs the first week of March, 2011. MMA is taking important steps to diversify their customer base to help access additional contracts for work. One potential new customer base is school departments; MMA could rebuild buses including body, frame and ancillary equipment that can extend the useful life of a school bus for up to 10 years for about 35% of the cost of a new bus.

MMA expanded into the remaining space at building 7220, having previously occupied a portion of the building. The expansion will allow MMA to streamline its production processes to provide a more efficient delivery system for rebuilt vehicles. Streamlining will enable MMA to obtain contracts with overlapping start and end periods enabling the maintenance of stable employment levels.

**NORTHERN MAINE PAVING (NMP).** Northern Maine Paving, a newly established paving company in northern Maine established its business office and equipment maintenance center at Loring, occupying offices in Building 5100 and the former P-15 building. The company had intended to develop an existing quarry at Loring; however, environmental limitations at the quarry prevented its development. Alternative sites for a quarry are being considered outside of Loring.

**GRAPHIC UTILITIES.** Graphics Utilities, LLC, a specialty ink production company now leases production space and an office at Loring, downsizing from their facility in Fort Fairfield. The town understands that the company needed to downsize in order to remain viable and it did not have a facility that met their needs.

**PATRIOT TOWERS LEASE.** Patriot Towers, an Arizona based company, entered into a short-term lease agreement for 11,000 square feet warehouse space where it stores equipment and material for a project it's completing in northern Maine. The lease includes an option for additional square footage if needed.

**NEW BUSINESS PROSPECTS.** New business prospects range from initial inquiries, to ongoing discussions. The Three Ring Binder project generated interest by a cloud computing center. There is interest in the NCO Club by a small scale food processor, and the Deli (former Flightline Cafe). Several projects involve manufacturing for both specialized business and consumer markets. Although the national economy is slow, there appears to be considerable interest among companies to take the initial steps to explore new opportunities.

SALE OF FIVE-ACRE SITE. LDA acquired a one-mile section of Nebraska Road, west of Loring's main entrance, in a land exchange with US Fish & Wildlife. The transfer included a parcel of land adjacent to a gravel pit owned by William's Trucking. LDA agreed to sell the five-acre to the trucking company allowing it to expand its gravel pit slightly and build an access drive to Nebraska Road.

**JOB CORPS PAYMENT.** LDA's President & CEO met with the Assistant Secretary of Labor for Employment and Training and the National Job Corps Director in Washington, DC to discuss a solution to the service fee issue. Congressional delegation staff also participated in the meeting. The Department of Labor maintained that there is no budgetary authority to pay for the general services fees. The lack of a service fee payment is particularly difficult in the LDA's situation because of the need to maintain a 24/7 presence by the fire department to cover numerous false alarms generated by Job Corps.

LAND SPEED RACING. Another Land Speed Racing event, organized by the Loring Timing Association, was held at Loring this year, and was again very successful. There were more local participants and spectators, as well as an increase in numbers of people attending from out of the area. The top speed by a motor cycle clocked at the event was 279 mph. Land Speed events provide good exposure for Loring because the participants travel here from throughout the U.S.

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

SHORELAND ZONE ORDINANCE AND MAP. LDA's original Shoreland Zone ordinance was replaced with a new ordinance that mirrors new state legislation for shoreland areas. A new shoreland map was also developed.

# MARKETING EFFORTS

**ADVERTISING** - The LDA conducts a limited hard copy advertising program. Several ads are placed in MaineBiz magazine annually and advertising is purchased in the annual Bangor Daily News special business section that is published in the spring. Ads are created in-house and provided electronically to advertisers.

**WEBSITE** – Modifications to the LDA website formatting and information continues as website maintenance is now performed in-house. Several pages have been added or removed to provide a more efficient delivery of board meeting packages and agenda's, as well as downloadable data for available facilities. A more comprehensive change to the entire website is expected to be completed and operating by year end.

# **PUBLIC OUTREACH**

**MMAR** - The LDA, as stakeholders in the rail line spur from Limestone, participated in the rail service meetings held over the course of the year.

AIR SPACE WORKING GROUP – The air space working group met several times with local stakeholders to discuss creating an airspace designation that would benefit the entire region.

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

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

**THREE RING BINDER** - funding in the Federal stimulus package was dedicated to upgrading the communication infrastructure in rural areas and the installation of dark fiber through the Loring campus at competitive rates has already garnered interest from companies looking to take advantage of the technology.

# **PROMOTING LORING**

Loring's facilities, attributes and contact information are available on numerous business development websites. Press releases and announcements of new leases or business deals are promoted to local and state-wide media at the time that these events occur. In late August the LDA again hosted several successful events on the airfield related to land speed racing. The Cumberland Motor Club (CMC) which sponsors autocross competitions once again followed the

Loring Timing Association's event. The open-to-the-public venues have shown an increased audience each year and continue to attract positive coverage from local media, including TV, radio and newspapers. New advertising placed in Maine Ahead was repeated in Maine Biz.

The Mainebiz Book of Lists once again shows Loring Commerce Centre as the state's largest business park with 8,700 acres and 26 tenants. It also notes that the Defense Finance and Accounting Service is our largest tenant occupying a 145,000 square foot office building. DFAS employs approximately 600 persons.

# **OTHER ACTIVITIES & EFFORTS**

**MOBILIZE MAINE.** LDA is collaborating with DECD and the Northern Maine Development Commission (NMDC) on the Mobilize Maine effort – a proactive, assets based grassroots approach to economic development. The asset mapping component has been completed. DECD, Fairpoint Communications and the six economic development districts identified renewable energy and information technology as two areas of economic promise for Aroostook County. LDA President & CEO, Carl W. Flora, participates on the renewable energy committee, whose focus to date is mostly wind and wood biomass projects. An information technology cluster is examining ways to utilize Aroostook's comparative advantage in the area of fiber optics for data farms and other IT related businesses.

**LEAD-LEADERS ENCOURAGING AROOSTOOK DEVELOPMENT.** LDA President Carl W. Flora serves on the Board of Directors of LEAD and currently also serves as the chair of LEAD's Energy Subcommittee.

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

# LDA FUNDING

**STATE OF MAINE.** In July 2010, the LDA received an appropriation from the State of Maine for \$200,000. This funding continues to be used for match funding for grants and for marketing and operating expenses. The State did not provide financial support for operating expenses at the Loring Applied Technology Center through fiscal year 2010.

**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 2010 totaled \$963,274. These funds are used to fund municipal service costs and maintenance of public infrastructure.

**PROPERTY SALE, LEASE, MUNICIPAL SERVICES AND MISCELLANEOUS REVENUES.** During fiscal year 2010, the LDA received revenues from its tenants, from the sale of personal property and from miscellaneous revenues in the amount of \$1,579,603.

**KATAHDIN TRUST COMPANY.** In recent years, the LDA has secured a \$1,000,000 line of credit from Katahdin Trust Company to assist in the management of cash flow. At the end of FY 2010, funds advanced under the line of credit totaled \$450,000. This debt was retired in July 2011.

**KATAHDIN TRUST COMPANY.** The LDA secured a \$350,000 loan from Katahdin Trust Company to finance a road paving project. Loan terms: 10 years with a variable interest rate equal to the Wall Street Journal prime rate plus zero percent with a floor of 4%.

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

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

Loring Development Authority of Maine Fiscal Year 2011 Annual Report July 1, 2010 – June 30, 2011

# PARAGRAPH 1B: AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2011

The attached Independent Auditor's Report was approved by the Loring Development Authority Board of Trustees on October 19, 2011.

# FINANCIAL STATEMENTS

JUNE 30, 2011

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## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2011

# 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, 2011. The LDA is a component unit of the State of Maine with a mission to create jobs and positive economic growth by redevelopment of approximately 3,700 acres of the former Loring Air Force Base located in Limestone, Maine.

#### Report Layout

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

#### **Financial Highlights**

- Total net assets decreased by \$1,002,895. The decrease was due in part to improvements to capital assets accomplished with grant funding and debt financing which resulted in a gain from ordinary operations of \$273,389. A loss of \$1,276,284 was realized on the sale of property that had originally been contributed to the LDA by the Air Force.
- Total revenues of \$3,599,956 are comprised of 37% from lease revenue, 32% from state assistance, 20% from federal grants and 11% from other LDA operations.
- Net jobs have neither increased nor decreased significantly over the past year, indicating a stable employment base within an overall challenging economic environment.
- The annual Caretaker grant revenue for the maintenance and operation of essential services and facility maintenance ceased in September 2004. The LDA now relies on lease income, state assistance and other operations to support these operations. The LDA's cost for facility maintenance, operations of water and sewer plants distribution and collection systems, maintenance of a network of roads, parking lots, airfield pavements, together with services for fire, police and ambulance protection was approximately \$2.3 million in fiscal year 2011.
- LDA received \$1.5 million together with plant improvements worth \$600,000 as part of a negotiated arrangement with the USAF to fulfill its obligations to provide potable water at Loring. The in-kind work of the United States Air Force and additional investment of \$1.5 million will enhance the value of the water infrastructure by an amount to be estimated upon completion of the improvements.
- The LDA also received various federal grants, low interest loans and 0% interest loans for the purpose of upgrading sewer lines and treatment facilities. As of June 30, 2011 a total of \$1,752,993 has been spent on these projects. \$49,927 represents Construction in Progress, the remainder was placed in service during the year ended June 30, 2011.

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# MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2011

### UNAUDITED

#### **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

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, 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 \$60,427,369 as compared to a capital asset balance of \$60,949,265 for the prior year ending June 30, 2010.

Table 1 provides condensed data of the Statement of Net Assets for the fiscal years ended 2011 and 2010.

#### Table 1

## Net Assets

	<u>2011</u>	<u>2010</u>
Current assets	\$ 2,919,871	\$ 2,884,069
Net capital assets	60,427,369	60,949,265
Construction in progress	49,927	1,273,812
Notes receivable	4,036,634	1,036,634
Total Assets	67,433,801	<u>66,143,780</u>
Current Liabilities	2,585,178	2,884,072
Long-term Liabilities	3,183,109	591,299
Total Liabilities	5,768,287	3,475,371
Total Net Assets	\$ <u>61,665,514</u>	\$ <u>62,668,409</u>

The Statements of Revenues, Expenditures 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 in combination with the prior year's net asset value to reflect the net asset balance as of June 30, 2011.

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# MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2011

# UNAUDITED

Table 2 shows the changes in net assets for the fiscal years 2011 and 2010.

# Table 2

## **Changes in Net Assets**

		<u>2011</u>		2010
Revenues:				
Program Revenues	<i>•</i>	1 1 60 0 7 4	~	1 004 005
State Assistance	\$	1,163,274	\$	1,204,925
General Revenues				
Lease and Other		<u>1,629,830</u>		<u>1,481,265</u>
Total Operating Revenues		<u>2,793,104</u>		2,686,190
Operating Expenses:				
Salaries and Benefits		895,949		1,049,400
Travel		13,515		14,031
Contracted Services		777,534		506,481
Depreciation		743,063		708,899
Legal and Audit		66,852		69,169
Marketing		6,120		2,545
Supplies and Expenses		108,111		144,404
Maintenance		169,055		177,857
Utilities		421,107		410,228
Other General and Administrative		125,261		83,106
Total Operating Expenses		3,326,567		3,166,120
(Decrease) in Net Assets from Operations		(533,463)		<u>(479,930)</u>
Other Revenues				
Other		806,852		649,488
Gain/(Loss) before sale to Loring Bio Energy		273,389		169,558
(Loss) from sale to Loring Bio Energy		(1,276,284)		
Increase/(Decrease) in Net Assets	\$	<u>(1,002,895)</u>	\$	<u>169,558</u>

The Statements of Cash Flows are included, which discloses net cash provided by, or used in operating activities, noncapital financial activities, and from capital and related financing activities. From these statements, the reader can obtain comparative information on the sources and uses of cash for the years.

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# MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2011

# 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 \$3,599,956 in 2011 and \$3,335,678 in 2010. Operating revenues for the two years as represented in the tables below totaled \$2,793,104 in 2011 and \$2,686,190 in 2010. Grants and assistance represents 42% and 45% of the LDA's operating revenues for the last two years.





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Chester M. Kearney, Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2011

UNAUDITED

Operating expenses amounted to \$3,326,567 in 2011 and \$3,166,120 in 2010. The following charts reflect the expenditures for the fiscal years ended June 30, 2011 and 2010.





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Chester M. Kearney, Certified Public Accountants

# MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2011

# UNAUDITED

## Capital Assets

At the end of fiscal year 2011, the Loring Development Authority had invested or received land, buildings, improvements, structures and facilities of \$69,736,304. Net of depreciation, these assets were recorded at \$60,427,369. Table 3 shows capital assets, net of accumulated depreciation.

#### Table 3

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

	<u>2011</u>	<u>2010</u>
Land	\$ 9,895,300	\$ 10,167,000
Buildings	21,551,877	24,056,974
Equipment and Improvements	4,277,788	1,921,297
Special Use Structures	3,606,821	3,708,411
Aviation Facilities	15,578,087	15,578,087
Roadways and Accessories	3,517,496	3,517,496
Pipeline	2,000,000	2,000,000
Total Net Capital Assets	\$ <u>60,427,369</u>	\$ <u>60,949,265</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 an operating Line of Credit debt of \$450,000 outstanding as of June 30, 2011.

The LDA also took on bonded debt of \$454,720 in 2010 for the purpose of upgrading sewer lines. As of June 30, 2010 the balance on this debt was \$420,616.

The LDA entered into a loan agreement with USDA Rural Development in the year ended June 30, 2010. The \$330,000 proceeds from the note were used to pay off the construction line of credit which provided funds for the sewer upgrade project. The balance as of June 30, 2011 was \$330,000.

The LDA entered into a mortgage agreement with Katahdin Trust Company, receiving funds in the amount of \$350,000 secured by real estate. The balance at June 30, 2011 was \$330,798.

# MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2011

## UNAUDITED

## 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 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 facilitymaintenance resources will be needed. As listed in the financial highlights, the LDA has also secured resources from the Air Force to upgrade the water treatment plant and water distribution infrastructure and has consolidated waste water systems with a local sewer treatment district. 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.



Chester M. Kearney Certified Public Accountants

12 Dyer Street, Presque Isle, Maine 04769-1550 207-764-3171 Herman Belanger, CPA Steve E. Bird, CPA Paul J. Callnan, CPA

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

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the proprietary activities of the Loring Development Authority of Maine, as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, based on our audits, 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, 2011 and 2010, 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 August 24, 2011 on our consideration of the Loring Development Authority of Maine's internal control over financial reporting and on our tests of its 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 control 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 an 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.

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 accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements. The remaining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. All such information has 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.

Chester M. Kearney

Presque Isle, Maine August 24, 2011

# STATEMENTS OF NET ASSETS

# JUNE 30, 2011 AND 2010

#### ASSETS

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and temporary investments (Note 3)	\$ 1,559,240	\$ 1,545,436
Due from State of Maine (Note 9)	963,274	1,004,925
Accounts receivable, net	268,300	93,299
Grants receivable	5,730	121,976
Inventory	123,327	118,433
	2,919,871	2,884,069
FIXED ASSETS (Note 13)		
Capital assets	69,736,304	69,569,366
Less accumulated depreciation	(9,308,935)	(8,620,101)
	60,427,369	60,949,265
OTHER ASSETS		
Construction in progress	49,927	1,273,812
Notes receivable, net of curent portion (Note 12)	4,036,634	1,036,634
	4,086,561	2,310,446
TOTAL ASSETS	\$ 67,433,801	\$ 66,143,780
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 301,636	\$ 227,152
Accrued expenses (Notes 4 & 5)	127,611	142,528
Deferred revenues, current (Note 7)	248,958	20,332
Advances from Federal Government (Note 9)	1,271,874	1,387,796
Advances - other	860	1,240
Advances from State of Maine (Note 9)	116,019	116,019
Line of credit (Note 8)	450,000	955,000
Current portion of long-term debt	68,220	34,005
	2,585,178	2,884,072
LONG-TERM DEBT (Note 14)		
Notes Payable	1,251,329	625,304
Less Current Portion	(68,220)	(34,005)
	1,183,109	591,299
DEFERRED REVENUES, LONG-TERM (Note 7)	2,000,000	
TOTAL LIABILITIES	5,768,287	3,475,371
NET ASSETS		
Invested in capital assets, net of related debt	59,176,040	60,323,961
Unrestricted	2,489,474	2,344,448
TOTAL NET ASSETS	\$ 61,665,514	\$ 62,668,409
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See notes to financial statements

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# STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS

# YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
OPERATING REVENUES		
State assistance (Note 9)	1,163,274	1,204,925
Lease revenue	1,345,654	1,294,672
Water and sewer fees	159,339	158,507
Other	124,837	28,086
	2,793,104	2,686,190
OPERATING EXPENSES		
Salaries and benefits	895,949	1,049,400
Depreciation	743,063	708,899
Utilities	421,107	410,228
Supplies and expense	108,111	162,667
Repairs and maintenance	169,055	158,309
Contracted services	600,383	280,934
Outside services-Fire and Security	177,151	219,944
Legal and audit	66,852	69,169
Insurance	21,615	23,608
Communications	11,196	15,754
Travel	13,515	21,272
Interest expense & bond bank fees	21,337	15,350
Marketing	6,120	2,192
Uncollectable accounts	71,113	28,394
	3,326,567	3,166,120
LOSS FROM OPERATIONS	(533,463)	(479,930)
NON-OPERATING REVENUES		
Federal assistance for capital projects (Note 9)	718,973	529,128
Gain on sale of surplus property	14,870	49,280
Interest income	73,009	71,080
	806,852	649,488
LOSS ON SALE OFF ASSETS TO LORING BIO ENERGY	(1,276,284)	-
CHANGE IN NET ASSETS	(1,002,895)	169,558
NET ASSETS - BEGINNING OF YEAR	62,668,409	62,498,851
NET ASSETS - END OF YEAR	\$ 61,665,514	\$ 62,668,409

See notes to financial statements

# STATEMENTS OF CASH FLOWS

# YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	1,600,269	1,394,064
Cash received from governmental assistance	1,163,218	969,855
Cash received from other income	124,837	28,086
Cash paid for salaires and benefits	(910,866)	(1,088,289)
Cash paid for contract services	(777,534)	(506,481)
Cash paid for goods and services	(817,435)	(874,157)
Interest paid	(21,337)	(22,368)
Net cash provided by/(used in) operating activities	361,152	(99,290)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Net advances/(payments) on line of credit	(505,000)	325,000
Payments received on notes receivable	-	17,179
Proceeds from long-term debt	680,000	454,720
Payments on long-term debt	(53,975)	(22,305)
Interest received	73,009	71,080
Net eash provided by investing activities	194,034	845,674
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital acquisitions and construction	(1,275,225)	(1,386,911)
Federal grants received for capital projects	718,973	529,128
Sale of property	14,870	49,280
Net cash used in financing activities	(541,382)	(808,503)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,804	(62,119)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,545,436	1,607,555
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,559,240	1,545,436
RECONCILIATION OF LOSS FROM OPERATIONS TO NET		
CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Loss from operations	(533,463)	(479,930)
Adjustments to reconcile loss from operations		
to net cash provided by/(used in) operating activities		
Depreciation	743,063	708,899
Interest capitalized		(7,018)
Work in progress abandoned	1,659	
Changes in assets and liabilities	•	
Accounts receivable	(133,350)	(59,115)
Due from other governments	(56)	(216,327)
Inventory	(4,894)	(12,647)
Accounts payable	74,484	24,480
Deferred revenue	2,228,626	(18,743)
Accrued expenses	(14,917)	(38,889)
	2,894,615	380,640
Net cash provided by/(used in) operating activities	2,361,152	(99,290)

See notes to financial statements

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# NOTES TO FINANCIAL STATEMENTS

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#### NOTES TO FINANCIAL STATEMENTS

#### (1) HISTORY OF ORGANIZATION

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

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

On April 4, 1997, the United States Air Force transferred approximately 3,600 acres of land, associated facilities, infrastructure and personal property to the LDA via the execution of Economic Development Conveyance (EDC) and Lease in Furtherance of Conveyance documents. This EDC document, which is a mechanism used by the Federal government to transfer former military installations to local reuse authorities for job creation and economic development purposes, transferred control of the Loring property to the LDA through a nocost, 55-year lease, with commitments from the Air Force to transfer title to the property upon receiving environmental clearance from the Environmental Protection Agency. On April 19, 2001, title to 2,805 acres of the original 3,600 acres was transferred to LDA. The conveyance documents also include a provision that will provide the LDA with an average of \$2.7 million annually through September 30, 2004 to fund its municipal type functions including, but not limited to, fire and emergency services, police protection, water and waste water systems, as well as maintenance of buildings, grounds and roadways. 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 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 and of which twelve (12) are confirmed by the Maine Senate. The Governor also designates a commissioner of a department of state government to be a voting, exofficio member of the Board of Trustees. No less than seven of the Board of Trustees must be residents of Aroostook County and be nominated by one of the primary impacted communities, as defined in the enabling legislation. In addition, no less than four of the Board of Trustees must live outside of Aroostook County. The enabling legislation also imposes term limits on the Board of Trustees of two consecutive four-year terms. The Board of Trustees have elected a Chair, Vice-Chair, Secretary and Treasurer to serve terms of one year. The fiscal year for the LDA runs from July 1 through June 30. The financial information of the LDA is reported as a component unit as part of the financial statements of the State of Maine.

# NOTES TO FINANCIAL STATEMENTS (cont'd.)

## (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 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 the 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 agents. Currently, the LDA treats all their cash as a cash equivalent because they can deposit or withdraw cash at any time without prior notice or penalty.

#### Defining operating revenues and expenses

The LDA's proprietary funds distinguish between operating and non-operating 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 costs. All other revenues and expenses are reported as non-operating.

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

#### (3) CASH AND TEMPORARY INVESTMENTS

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. The Authority's checking deposits at year-end were covered by Federal Depository Insurance Corporation (FDIC) or collateralized by U.S. Governmental Agency securities held in the Authority's name.

The Authority's cash balances in the financial statements are \$1,559,240 and \$1,545,436 as of June 30, 2011 and 2010 respectively.

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

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

As of June 30, 2011 and 2010 the Authority's entire balances are classified as Category 1.

(4) COMPENSATED ABSENCES

Authority 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 Authority's financial liability for accrued vacations at June 30, 2011 and 2010 is \$26,360 and \$26,554 respectively.

(5) PENSION PLAN

The Authority has instituted a Model Simplified Employee Pension Plan for all eligible Authority employees in accordance with Section 408(K) of the Internal Revenue Code. All Authority contributions to the employee's individual retirement account are 100% vested to the employee on the date of the contribution. Employee contributions to the plan are discretionary, subject to Internal Revenue Code limitations. Employer contributions to the plan, at 5% of regular gross wages, totaled \$34,153 and \$39,223 for the years ended June 30, 2011 and 2010.

(6) RENTAL OF FACILITIES

The Authority has leased land and buildings at Loring to various third parties under noncancellable operating leases requiring fixed payments through 2016. The leases provide for varying terms and conditions.

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# NOTES TO FINANCIAL STATEMENTS (cont'd.)

#### (6) RENTAL OF FACILITIES (cont'd.)

As of June 30 2011, the future minimum lease payments are as follows:

Fiscal year ending June 30:	Amount
2012	1,336,009
2013	1,120,008
2014	958,841
2015	816,245
2016	<u>798,964</u>
	<u>\$5,030,067</u>

Included in the future minimum lease payments above are rental payments from the Maine Military Authority (MMA), another authority established by the State of Maine.

The MMA has made a long-term commitment to lease the facilities. Because MMA and LDA are instrumentalities of the State, it is unclear whether the lease payment obligation is legally enforceable. The annual lease commitment of the MMA is \$700,000 until at least 2016.

#### (7) DEFERRED REVENUES

The Authority received advances of rent and other receipts, which have been characterized as deferred revenue in the accompanying Statement of Net Assets.

As described in Note 12, the Authority entered into an agreement with Loring Bio-energy, LLC to lease a pipeline. Under the terms of the agreement the lease will begin in 2013 and the Authority will begin to recognize revenue at that time at a rate of \$200,000 per year for a ten year period. As of June 30, 2011 the amount included as deferred revenue was \$2,000,000.

## (8) LINE OF CREDIT

The Authority 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, 2011 the line of credit balance was \$450,000, leaving \$550,000 available for use. The line is secured by the Authority's accounts and notes receivable and other general intangibles.

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

#### (9) PUBLIC SECTOR FUNDING

The LDA is currently funded through the following public sources:

(A) State of Maine - The State approved appropriations of \$200,000 for fiscal year ended June 30, 2011. These funds are to be used to defray operating expenses, to support development of the reuse strategy and to use as match funds to obtain federal and other grants.

Tax Increment Financing - On July 5, 1996, the State Legislature enacted LD 1741 establishing the Loring Job Increment Financing Fund (Fund). The Fund, which has a term of twenty years, was created to establish a supplemental source of funding to subsidize future municipal service costs. This Fund will receive state income tax withholding revenues which can be attributed to incremental jobs created at Loring and will be based upon 50% of the State income tax withholding from these incremental jobs. State contributions to the Fund will be made on an annual basis and are payable by July 31 of each year. The LDA has realized revenues of \$963,274 and \$1,004,925 for the years ending June 30, 2011 and 2010 respectively.

Department of Transportation (DOT) – The state of Maine DOT awarded the Authority a grant of \$1,000,000 for airport facility renovations. No funds were spent in the year ended June 30, 2011. \$106,598 of the balance remained as of that date.

(B) The United States Environmental Protection Agency (EPA) - The Authority was awarded a grant by the EPA in the amount of \$216,500 to improve the integrity of sewer lines and reduce inflow and infiltration. The grant requires matching funds from the authority of \$177,136. During the fiscal year ending June 30, 2011 the Authority received \$5,730.

In 2009 the Authority was awarded an additional \$860,000 through the Clean Water State Revolving Loan Fund Program for the purpose of replacing sewer lines. Upon completion of the project \$405,280 will be forgiven and the remaining \$454,720 will be repaid of a period of 20 years at 0% interest.

- (C) The United States Department of Agriculture (USDA) The Authority was awarded a grant of \$960,000 and a loan of \$330,000 from USDA Rural Development from the Water and Waste Disposal Systems Program for the purpose of replacing sewer lines. As of June 30, 2011 the Authority had received and expended \$496,217 of the grant funds, of which \$472,422 was recognized as revenue in the year ended June 30, 2011.
- (D) The United States Department of Defense The United States Air Force Real Property Agency has made a one-time payment of \$1,500,000 to the Authority under an agreement relating to the Air Force's obligation to provide an alternative source of supply for Loring's drinking water. For the year ended June 30, 2011 the Authority expended \$115,923 of these funds on the water system while \$1,271,873 remains to be spent.

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

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

(E) United States Small Business Administration – The SBA has provided a \$1,000,000 earmark designated for repairs and upgrades at the Loring Commerce Center which will facilitate the establishment of new small businesses in the area. As of June 30, 2011 \$124,898 had been received and expended.

#### (10) CONCENTRATION OF RISK

#### Federal and State funding

The LDA received approximately 46% of its operating revenue from federal and state funding for the year ended June 30, 2011. The ability to continue its operations is dependent on continued funding.

# Accounts receivable

For the year ended June 30, 2011 approximately 92% of the Authority's accounts receivable was due from 5 customers.

#### (11) ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are shown on the Statement of Net Assets net of the allowance for doubtful accounts. The allowance for doubtful accounts was estimated at \$177,101 and \$123,656 for the years ended June 30, 2011 and 2010 respectively.

## (12) NOTES RECEIVABLE

On May 9, 2001, the LDA sold 5 parcels (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 Authority received \$318,088 in cash and financed the remaining \$1,280,000 in the form of a note, payable in quarterly installments for a period of 15 years. Because of unforeseen losses of tenants due to the elimination of military workers at the Defense Finance and Accounting Service in 2002 the Company has had difficulties keeping current with the note payments. The authority continues to work with Tin Cup Land Company to develop a mutually agreeable repayment plan and restructure the note. Accordingly, no amount is included in the current portion of notes receivable. As of June 30, 2011 the outstanding balance on the note was \$1,036,634. For the year ended June 30, 2010 payments of \$17,179 of principal and \$19,305 of interest were received. For the year ended June 30, 2011 interest only payments in the amount of \$12,768 were received. In management's opinion either the entire balance of the note will be collected in full or the parties will work out a plan to repurchase a portion of the assets secured by the note.

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

#### (12) NOTES RECEIVABLE (cont'd.)

On September 24, 2010 the LDA entered into a sale/lease agreement with Loring Bioenergy, LLC in which transferred assets including the former heat plant building and real to the buyer and where the parties entered into a lease agreement for a pipeline extending from Loring to Searsport, Maine in exchange for a 0% interest note in the amount of \$3,000,000. The note is payable in 10 annual installments of \$300,000 with the first installment due and payable within 30 days after the buyer commences "substantial commercial activity" or July 1, 2012, whichever comes first.

The buyer is also responsible for paying closing costs of \$282,461 to the LDA, of which \$100,000 was paid at the time of closing and the remaining is due with the first note installment. The LDA has recorded the balance of \$182,461 as accounts receivable and recognized the amount as deferred revenue until the time of collection.

#### (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 Authority maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to 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:

Description	Estimated lives
Buildings and improvements	15-50 years
Equipment	3-5 years
Vehicles	3-5 years

Capital asset activity for the year ended June 30, 2011 was as follows:

# CAPITAL ASSSETS ACQUIRED BY LDA (HISTORICAL COST)

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	10,000			10,000
Equipment and improvements	2,362,622	<u>2,497,450</u>		4.860.072
Total at historical cost	<u>2,372,622</u>	<u>2,497,450</u>		4.870.072
Less Accumulated Depreciation Equipment and improvements Total Accumulated Depreciation	<u>530,325</u> 530,325	<u>140,959</u> 140,959		<u>671,284</u> <u>671,284</u>
Capital assets at historical cost, net	<u>1,842,297</u>	<u>2,356,491</u>		<u>4,198,788</u>

# NOTES TO FINANCIAL STATEMENTS (cont'd.)

# (13) CAPITAL ASSETS (cont'd.)

# CAPITAL ASSETS ACQUIRED FROM U.S. AIR FORCE

	Beginning Balance	Additions	Retirements	Ending Balance
<u>Capital Assets</u> Land	10,157,000		271,700	<u>9,885,300</u>
Buildings In use Leased Not in use	5,925,889 19,300,146 <u>5,412,593</u> <u>30,638,638</u>		<u>2,058,812</u> 2,058,812	5,925,889 19,300,146 <u>3,353,781</u> <u>28,579,816</u>
Equipment In use Not in use	136,500 <u>89,000</u> 225,500			136,500 <u>89,000</u> 225,500
Special use structures Water plant and distribution	<u>5,080,033</u>			<u>5,080,033</u>
Other facilities and improvements Aviation facilities Runways Structures Fuel pipeline	9,472,226 6,105,861 <u>2,000,000</u> 17,578,087			9,472,226 6,105,861 <u>2,000,000</u> <u>17,578,087</u>
Roadways and accessories	<u>3,517,496</u>			<u>3,517,496</u>
Capital assets from U.S. Air Force	<u>67,196,744</u>		2,330,512	<u>64,866,232</u>
Less Accumulated Depreciation				
Buildings In use Leased	1,599,677 <u>4,981,987</u> <u>6,581,664</u>	117,341 <u>383,162</u> <u>500,503</u>	54,229 54,229	1,662,789 <u>5,365,149</u> <u>7,027,938</u>
Equipment In use	<u>136,500</u>			<u>136,500</u>
Special use structures Water plant and distribution	<u>1,371,612</u>	101,601		<u>1,473,213</u>
Total Accumulated Depreciation	<u>8,089,776</u>	<u>602,104</u>	54,229	<u>8,637,651</u>
Capital assets acquired from U. S. Air Force, net	<u>59,106,968</u> -13-	<u>(602,104)</u>	<u>2,276,283</u>	<u>56,228,581</u>
#### NOTES TO FINANCIAL STATEMENTS (cont'd.)

#### (13) CAPITAL ASSETS (cont'd.)

#### TOTAL CAPITAL ASSETS

Capital assets	69,569,366	2,497,450	2,330,512	69,736,304
Less Accumulated Depreciation	(8,620,101)	(743,063)	<u>(54,229)</u>	<u>(9,308,935)</u>
-	60,949,265	1,754,387	<u>2,276,283</u>	<u>60,427,369</u>

On April 4, 1997 the Authority 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 Authority has since obtained this property in fee title.

During fiscal year 2005 the United States Air Force transferred to the Authority additional property consisting of a fuel pipeline and associated rights of way extending from Searsport, Maine to Limestone, Maine. The pipeline was not in service as of June 30, 2010 and the pipeline and associated easement rights were leased during the year ended June 30, 2011.

During fiscal year 2005 the United States Air Force transferred title to a building currently occupied by federal employees to the Authority. Transfer of the deed for this property was contingent upon the Authority's promise to lease the property back to the United States at no cost. The 50 year lease may be renewed, extended, or terminated by the United States at its option but the Authority is given no option to decline an extension or renewal or to terminate the lease. The United States Government may use this property for any government purpose and is not required to pay any taxes, assessments or similar charges. However, the United States Government is responsible for all costs and liabilities associated with the property as if it were the owner. Accordingly, this property 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 Authority changes.

#### (14) LONG-TERM DEBT

As of June 30 long-term debt consisted of:

Note payable to Northern Maine Development Commission, payable in monthly installments of \$1,381 including interest at 3% per annum through April 2012. Final payment of \$153,133 due May 2012, secured by	<u>2011</u>	<u>2010</u>
assets of the Authority	169,915	181,952
Note payable to USDA Rural Development, payable in annual installments of \$14,860 including interest at 3.25% per annum through August 2050. Secured by assets of the Authority	330,000	

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Chester M. Kearney, Certified Public Accountants

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

## (14) LONG-TERM DEBT (cont'd)

Note payable to Katahdin Trust Company, payable in monthly installments of \$3,553 including interest at 4% per annum through October 2020. Secured by assets of the Authority	330,798	
Bond payable to the Maine Municipal Bond Bank, payable in semi-annual installments of \$11,368 plus bond bank fees		
of \$569 per installment through October 2029. Interest		
rate is 0%.	420,616	<u>443,352</u>
	1,251,329	625,304
Less current portion	(68,220)	(34,005)
-	1,183,109	<u>591,299</u>

Future long-term debt obligations are as follows for the year ended June 30:

	PRINCIPAL	<b>INTEREST</b>	<u>TOTAL</u>
2012	68,220	28,564	96,784
2013	216,310	26,625	242,935
2014	59,426	20,816	80,242
2015	60,903	19,339	80,242
2016	62,420	17,822	80,242
2017-21	308,645	64,115	372,760
2022-26	144,010	43,970	187,980
2027-31	115,250	38,626	153,876
2032-36	41,959	32,341	74,300
2037-41	49,352	24,948	74,300
2042-46	58,048	16,252	74,300
2047-51	<u>66,786</u>	7,513	74,299
Total	1,251,329	<u>340,931</u>	1,592,260

Long-term debt activity for the year ended June 30, 2011 is as follows:

Note payable –NMDC	Beginning <u>Balance</u> 181,952	Advances	<u>Payments</u> 12,037	Ending <u>Balance</u> 169,915
Note payable-USDA		330,000		330,000
Note payable-Katahdin Trust Company		350,000	19,202	330,798
Bond payable – MMBB	443,352		22,736	420,616
	625,304	<u>680,000</u>	<u>53,975</u>	<u>1,251,359</u>

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

#### (15) SUBSEQUENT EVENTS

Management has evaluated subsequent events occurring through August 24, 2011, the date the financial statements were available to be issued.

#### (16) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Authority has a number of financial instruments, none of which are held for trading purposes. The Authority estimates that the fair value of all financial instruments at June 30, 2011, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Statement of Net Assets. The estimated fair value amounts have been determined by the Authority using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Authority could realize in a current market exchange.

#### (17) TAXES

As a governmental entity, the Authority is not subject to Federal and State income taxes, accordingly it is not necessary to consider the effects of any uncertain tax positions.

The Authority is subject to Federal and State payrolls and is required to file the appropriate tax returns. Management believes that all required returns have been properly filed as of June 30, 2011. No examinations have been conducted by the Federal or State taxing authorities and no correspondence has been received from these authorities.

### (18) CONTINGENT LIABILITY

In the spring of 2011 it was discovered that a sewer pipe ruptured as the result of vandalism which caused raw sewage to spill into a remote area of the LDA's property. The cost of the cleanup was approximately \$42,000 and was paid in full by the LDA. Management believes that the site is fully cleaned and the Maine Department of Environmental Protection has certified that the area is environmentally safe. Any future cost or cleanup resulting from this incident would be paid by the LDA.

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

# (19) SUMMARY OF ACTIVITIES

Function		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
General operations		(3,326,567)	1,504,993	<u>1911-11-11-11-11-11-11-11-11-11-11-11-11</u>	718,973	(1,102,601)
	Interest in	opriations o Incremental 1 come	Financing			200,000 963,274 73,009 14,870
Sale of surplus property Other income						124,837
	Total general r					1,375,990
	Change in net		ing Bio Energy			273,389 (1,276,284)
Loss on sale of assets to Loring Bio Energy Net assets - July 1, 2010					62,668,409	
	Net assets - Ju	•				61,665,514

# ADDITIONAL REPORTS

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Chester M. Kearney Certified Public Accountants

12 Dyer Street, Presque Isle, Maine 04769-1550 207-764-3171 Herman Belanger, CPA Steve E. Bird, CPA Paul J. Callnan, CPA

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

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

We have audited the financial statements of the proprietary activities of the Loring Development Authority of Maine, as of and for the year ended June 30, 2011, which collectively comprise the Loring Development Authority of Maine's basic financial statements and have issued our report thereon dated August 24, 2011. 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Loring Development Authority of Maine's internal control over financial reporting as a basis for designing our 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 Loring Development Authority of Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Loring Development Authority of Maine's internal control over financial reporting.

A deficiency in internal control exists when the design of 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 material weakness is a deficiency, or combination of significant deficiencies, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Loring Development Authority of Maine'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 management, the audit committee, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chester M. Kearney

Presque Isle, Maine August 24, 2011



Chester M. Kearney Certified Public Accountants

12 Dyer Street, Presque Isle, Maine 04769-1550

Herman Belanger, CPA Steve E. Bird, CPA Paul J. Callnan, CPA

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

207-764-3171

#### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

#### Compliance

We have audited the compliance of the Loring Development Authority of Maine, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. The Loring Development Authority of Maine's major federal programs are identified in the summary of auditor's results section accompanying the schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Loring Development Authority of Maine's management. Our responsibility is to express an opinion on the Loring Development Authority of Maine's compliance based on our audit.

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

In our opinion, the Loring Development Authority of Maine complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

#### Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Loring Development Authority of Maine's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement or a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Chester M. Kearney

Presque Isle, Maine August 24, 2011

SUPPLEMENTARY INFORMATION

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Chester M. Kearney, Certified Public Accountants

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AWARD <u>AMOUNT</u>	REVENUE RECOGNIZED	EXPENDITURES
U.S, DEPARTMENT OF AGRICULTURE USDA Rural Development ARRA-Water and Waste Disposal Systems-Loan ARRA-Water and Waste Disposal Systems-Grant TOTAL U.S. DEPARTMENT OF AGRICULTURE	10.766 10.766	\$ 330,000 960,000	\$	\$ 330,000 472,422 802,422
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION Environmental Protection Agency Sewer replacement	66.202	216,500	5,730	5,730
U.S. SMALL BUSINESS ADMINISTRATION FY 2010 Congressional Earmark TOTAL EXPENDITURES OF FEDERAL AWARDS	59.059	1,000,000	<u>\$ 124,898</u>	\$ 124,898 \$ 933,050

See notes to financial statements

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## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

# YEAR ENDED JUNE 30, 2011

#### BASIS OF PRESENTATION

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

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### YEAR ENDED JUNE 30, 2011

#### SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of auditor's report issued: Unqualified Internal control over financial reporting:

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

#### Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.766	ARRA-Water and Waste Disposal Systems-Loans & Grants USDA Rural Development
59.059	Small Business Administration – FY 2010 Congressional Earmark

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

Audit qualified as low-risk audit? No

#### SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were made during the audit of the financial statements for the Loring Development Authority of Maine and no matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs relative to major federal award programs were found during the audit of the financial statements for the Loring Development Authority of Maine and no matters were reported.

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Loring Development Authority of Maine Fiscal Year 2011 Annual Report July 1, 2010 – June 30, 2011

# PARAGRAPH 1C: PROPERTY TRANSACTIONS DURING FISCAL YEAR 2011

# **PROPERTY TRANACTIONS**

# **LEASES**

**HB SPECIALTY FOODS, INC.,** (formerly known as Hydroblend, Inc.) renewed its lease for an additional two years, with an option for a third year. The company has been an important part of Loring's development, having opened its blending operation for dry food ingredients in 1999. HB Specialty Foods (HB) occupies Building #7210, a 40,888 square foot steel-frame building next to the rail line on Kansas Road. It typically employs about 15 persons and generates considerable local activity.

**GRAPHIC UTILITIES.** Graphic Utilities (GU) entered into a lease agreement for space in the Loring Applied Technology Center building. The company leases approximately 5,800 square feet of production space and office space. GU develops, manufactures and sells new innovative ink products. It currently employs six people.

**PATRIOT TOWERS, INC.** Patriot Towers, Inc., a Scottsdale, Arizona-based company, entered into a one-year lease agreement for 11,000 square feet of heated storage space in building 8700. The company has a contract to install large equipment in northern Maine for the U.S. Government; it will store the equipment at Loring.

**NORTHERN PAVING, INC.** LDA entered into a short term agreement with Northern Paving for additional office space in Building #5100 and for space in building 8205, which houses its vehicle maintenance operations. The one-year lease includes the option to extend the lease for two additional one-year terms.

**URS.** URS, an environmental engineering firm working under a contract with the U.S. Air Force, renewed its lease for building 8412 for one year.

# **LICENSES**

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

# **SALES**

**LORING BIOENERGY (LBE).** On September 24, 2010, LDA closed a real estate transaction with Loring Bioenergy resulting in the transfer of 54 acres of industrially zoned property at Loring to

LBE along with the buildings on the property. Included in the sale are the power plant, the former laundry building, a 15,000 barrel diesel storage tank and pump station and four small substandard storage facilities that will likely be demolished. LBE has already demolished the former heat plant, which was on its property. LDA retained the right to use the diesel storage facilities until LBE supplies it with a replacement diesel storage facility elsewhere on Loring. The LDA/LBE Purchase and Sale Agreement also includes a long-term lease of the Loring to Searsport pipeline and associated rights-of-way.

**WILLIAMS TRUCKING.** A five acre parcel of land along Nebraska Road was sold to Williams Trucking. The company owns a gravel pit on property adjacent to the sold parcel and will now expand its gravel pit operations. The land was undeveloped and did not serve any real purpose for the LDA.

Loring Development Authority of Maine Fiscal Year 2011 Annual Report July 1, 2010 – June 30, 2011

# 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

# PARAGRAPH 1G:SUBSEQUENT EVENTS – JULY 1, 2011 TO OCTOBER 15, 2011 AND<br/>PROPOSED ACTIVITIES FOR FISCAL YEAR 2012

# SUBSEQUENT EVENTS

Highlights of the activities on the Loring Commerce Centre between July 1, 2011 and October 15, 2011 are provided below.

**APPOINTMENT OF CODES ENFORCEMENT OFFICER (CEO).** LDA worked with the City of Presque Isle to obtain Codes Enforcement services from the city's CEO. LDA had a similar arrangement with the City of Caribou for the past few years but the arrangement was terminated because of an increase in the CEO's work load in Caribou. LDA looks forward to working with its new CEO. Having access to a knowledgeable and experienced CEO will greatly facilitate the accomplishment of LDA's redevelopment mission.

WATER TREATMENT PLANT REHABILITATION PROJECT. Modernizing and upgrading of the water treatment plant was necessary for Loring's long-term operations. Ground water beneath Loring is generally unusable so reliance on the off-site water source and treatment facility is critical. The Air Force completed an initial round of improvements several years ago with the replacement of two (2) filter beds. The next phase of the water system rehabilitation project is now ready to move ahead. This phase includes improvements to the plant's water treatment infrastructure, flocculation system, replacement of several pumps, and numerous valves, the installation of an Ultraviolet (UV) disinfection system, and a SCADA monitoring system. This phase also provides for repairs to a fishladder. A subsequent phase will include replacement of the remaining 2 filter beds, repairs to the dam and repairs and upgrades to the buildings. The state's Drinking Water Program has approved the design of those portions of the project related to water quality.

**SAIC** STATUS. SAIC had planned to be in the manufacturing mode this fall with a new FAA certificated airship designed to operate in both manned and unmanned configurations. While SAIC is still pursuing potential orders from two major customers, manufacturing plans have not yet materialized. As a result of the slow business climate, SAIC's employees at Loring have been laid off. Among the employees laid off are several whose specialized skills may not easily be replaced. SAIC's long-term future at Loring is unclear.

**NORTHERN GIRL, LLC.** Northern Maine Development Commission asked LDA to assist the town of Van Buren with an interim solution for a new business looking to construct a specialty food processing facility there. The company, Northern Girl, LLC, intends to enter the market with fresh and frozen peeled and cut organic potatoes and other root vegetables. Northern Girl's processing facility will provide a new market for locally-grown organic produce. The company is working with Van Buren to set up operations there, but a fully-equipped facility will not be ready for a year. In the meantime, the company believes its market opportunity is now and has set up operations in the NCO Club's commercial kitchen as an interim step to begin developing

its brand and supplying its core customers. We have worked out a short term lease that will make the kitchen area at the NCO Club available for this purpose.

**EPA REGIONAL ADMINISTRATOR VISIT.** The Regional Administrator of the EPA visited Loring as part of its review of progress on the Limestone/Loring regional wastewater project. USDA/Rural Development State Director Virginia Manuel and Maine DEP Commissioner Patricia Aho and members of their staffs were also on hand. LDA's development successes to date, Loring's unrealized potential for further industrial development and the considerable hydraulic capacity of the wastewater treatment plant were highlighted. The plant's capacity could support major new industry, instead of being wasted on the unnecessary and expensive treatment of groundwater, due to Loring's significant I & I problem. Should more stimulus funds ever become available, a continuation of the I & I reduction project at Loring would represent a "shovel ready" project with high potential economic impact.

**IBERDROLA RENEWABLES.** A draft exclusive negotiating agreement is being discussed and most substantive issues have been dealt with to the parties' satisfaction. Points of concern were LDA's ability to negotiate for small-scale wind installations that would not interfere with aviation operations during the term of the agreement and LDA cannot guarantee other Loring landowners won't erect turbines.

**SITEL.** According to Sitel's site manager, a significant new contract with Sovereign Bank has been secured. This will support an additional 51 jobs. Some renovations to their space are anticipated to accommodate the additional staff.

LAND SPEED RACING AND AUTOCROSS EVENTS. Land speed racing returned for the third time on July 16-17 and went off without a hitch. The highlight was that a new speed record for a sit-on motorcycle was set with a recorded speed of 311.945 mph. A video of that run is available at: <u>http://www.wired.com/autopia/2011/07/video-ride-along-on-a-311-mph-motorcycle/</u>. The event has grown each year. Another event was held September 17-18. The Cumberland Motor Club also held its second autocross event on August 20-21. That event also went well and drew more participants than the prior year. We are seeing continued interest from both of these groups.

# PROPOSED AND PROJECTED ACTIVITIES FOR FISCAL YEAR 2012

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We have made considerable investments in the wastewater treatment infrastructure, and are poised to make a substantial investment in the drinking water treatment and distribution systems as well as buildings and facilities suitable for use by small business. There are two areas where insufficient investments are being made:

1. transportation infrastructure; and

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2. demolition and removal of substandard buildings.

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

Loring Development Authority of Maine Fiscal Year 2011 Annual Report July 1, 2010 – June 30, 2011

# **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, Francis E. Bemis**, resident of Presque Isle, is an attorney at Bemis and Rossignol, LLC. Mr. Bemis has served on the LDA Board since 2009.

Vice Chair, Patrick Paradis, resident of Augusta, is a former Legislator and current Augusta City Councilor. Mr. Paradis has served on the LDA Board since 2010.

**Treasurer, Richard Ezzy,** a resident of Caribou, is Vice President and General Manager of the business operations of County Physical Therapy. Mr. Ezzy has served on the LDA Board since 2010.

**Secretary, Thomas Clowes**, resident of Stockholm, is employed with FA Peabody Insurance in Presque Isle. Mr. Clowes has served on the LDA Board since 2010.

**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.

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.

**George Ezzy,** resident of Augusta, is the founder and Director of New Horizons Academy, a job training and career planning program. Mr. Ezzy has served on the LDA Board since 2010.

**David King**, resident of Limestone, is retired from the Air Force and was formerly employed with the Aroostook County Action Program (ACAP). Mr. King has served on the LDA Board since 2010.

**George Gervais,** resident of Augusta, is the Commissioner of the State Department of Economic and Community Development. Commissioner Gervais has served on the LDA Board since 2011.

**Daniel LaPointe,** resident of Van Buren, is the Director of Economic & Community Development in Van Buren. Mr. LaPointe has served on the LDA Board since 2011.

**Carol Bell,** resident of Presque Isle, is the Project Director for ACAP in Presque Isle. Ms. Bell has served on the LDA Board since 2011.

Janet McGillan, resident of Fort Fairfield, is the Office Manager for McGillan, Inc. in Fort Fairfield. Ms. McGillan has served on the LDA Board since 2011.

**Mike Edgecomb**, resident of Spruce Head, is the Director, Government Relations for Time Warner Cable-North. Mr. Edgecomb has served on the LDA Board since 2011.

# 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 Accounting, Donna M. Sturzl,** is responsible for the administration of the LDA's operations and accounting controls and financial reporting systems. She is also responsible for grant research, writing and reporting and carrying out a variety of projects. Ms. Sturzl has been employed at the LDA since September 21, 2000.

**Facilities Manager, Neal R. Haines,** coordinates and oversees the day-to-day municipal services and 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.

Administrative Assistant, Mary E. Saunders, is the 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.

# LDA FIELD STAFF

Charles R. Bernard, Roads and Grounds Maintenance Worker
Charles L. Cyr, Roads and Grounds Maintenance Worker
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. DFAS employs 592 people.

**Maine Military Authority.** The Maine Military Authority (MMA) operates the Army National Guard's Maine RS Maintenance Center where arrays 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 202 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 aide (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 Career Systems Development Corp., the LJCC employs 127 people.

**National Job Corps Data Center.** The National Job Corps Data Center, operated by Trowbridge and Trowbridge, 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 14 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 172 people.

**HB** Specialty Foods, Inc. Formerly 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 14 people.

**MainXPO, Inc.** MainXPO and its partner, SAIC (Science Applications International Company) are making use of one of Loring's greatest assets, its 1,200-acre aviation complex. MainXPO and SAIC are working to expand the UAV (unmanned aerial vehicle) project at Loring. The project includes the development and testing of unmanned aircraft such as blimps or airships.

**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. U.S. Fish & Wildlife Services employs two people at Loring.

**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. The company currently employs eight people; additional staff is hired through the summer months.

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 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. S.W. Collins has five employees at Loring.

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.

**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.

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

**Frontier Transport, LLC.** Frontier Transport 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.

**RLW Management, LLC.** RLW manages the apartment building owned by Quality Home Care of Louisville, Kentucky. The building houses one-bedroom and efficiency apartments at Loring, filling 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.

**Limestone Rotary Club**. The Limestone Rotary Club now meets in Building #5055 at Loring. It is a very active club with dedicated members working together to improve their community.

**Pineland Farms Natural Meats.** Pineland Farms Natural Meats, Inc. operates a beef cattle feedlot in Fort Fairfield about eight miles from Loring. The company's composting operation is located at Loring. Pineland's goal is to generate 10,000 cubic yards or more of compost material a year and it is considering a consumer packaging operation for the material as well, which would

add value to product and may create the need for more facility space in the future. Pineland employs two people at Loring.

Limestone Water & Sewer District. The Limestone Water & Sewer District owns and operates the wastewater treatment facility at Loring, providing service to all wastewater customers in Limestone, including Loring Commerce Centre. Four people work for the district at Loring.

**Stantec Consulting Services, Inc.** Stantec Consulting Services, a large and well known engineering services firm, now occupies office space in the LDA office building. The company has 130 offices and 10,000 employees throughout North America. Stantec has six employees at Loring.

**Northern Maine Paving (NMP).** NMP occupies office space in the LDA building and space for vehicle maintenance. The company is pursuing its plan to operate a paving and quarry operation at in northern Maine and currently employs 46 people.

**Northern Girl, LLC.** Northern Girl has set up temporary operations in the NCO Club's commercial kitchen as an interim step to begin developing its brand and supplying its core customers with fresh and frozen peeled and cut organic potatoes and other root vegetables. The new processing facility will provide a different market for locally-grown organic produce. Northern Girl's operations will move to a new facility in Van Buren next year.

**Graphic Utilities.** Graphic Utilities (GU) occupies space in the Loring Applied Technology Center building. The company leases approximately 5,800 square feet of production space and office space. GU develops, manufactures and sells new innovative ink products. It currently employs three people.

**Patriot Towers.** Patriot Towers, Inc., a Scottsdale, Arizona-based company, leases 11,000 square feet of heated storage space in building 8700. The company has a contract to install large equipment in northern Maine for the U.S. Government; it will use the Loring facility to store the equipment until the project is completed. Patriot Towers has two employees at Loring.

**Loring Bioenergy, LLC.** Loring Bioenergy (LBE), a multi-faceted energy company, is working to advance energy generation and transmission in Maine using facilities at Loring and the Loring to Searsport pipeline and corridor. Projected activity includes the construction of infrastructure to transmit electricity generated in Maine to larger markets in New England and to deliver natural gas to industrial customers along the route of the pipeline corridor.

## LORING DEVELOPMENT AUTHORITY MONTHLY EMPLOYMENT / TENANT ACTIVITY REPORT 30-Jun-11 <u>DEVELOPMENT ACTIVITIES</u>

	JOBS/RESIDENTS Prior				PROPERTY ABSORBED		
REUSE ACTIVITY PRIVATE SECTOR	TYPE	<u>Month</u>	<u>Current</u>	<b>Projected</b>	<u>Bldg SF</u>	<u>Acres</u>	
Bigelow Aerospace	Aviation	0	0	0		7	
Hydroblend, Inc.	Manufacturing	14	14	30	40,888	2	
Frontier Transport	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	
Graphic Utilities	Ink Manufacture	5	3				
Pneu-Hydro Energy	R&D	1	0	1			
S.W. Collins	Manufacturing	5	5	7			
Loring BioEnergy	Energy Production	0	0	10	57,101	54	
Loring Health Center (Cary)	Health Care	5	5	7	2,000	1	
Loring Military Heritage Center	Museum	0	0	1	1,900	1	
MacDonald Enterprises	Manufacturing	1	1	12	19,762	2	
R L W Management Inc.	Residential Provider	3	3	6	38,058	4.5	
Northern Maine Paving	Paving Manufacture	28	46	8	2,710	1	
Patriot Towers	Site Development	1	2		11,000		
Pineland Farms Natural Meats	Agricultural Composting	2	2	2	56,000	35	
SAIC	Aircraft Technology	22	2	30	126,303	12	
Sitel Insurance Services	Call Center	182	172	352	27,783	12	
Stantec Consulting	Engineering/Consulting	8	6	10			
Trowbridge & Trowbridge	Data Management	14	14	40	7,835	4.5	
URS	Commercial	0	0	1	3,950	1	
TOTAL PRIVATE SECTOR: <u>PUBLIC SECTOR</u>		300	283	540	792,056	408	
DFAS	Office	596	592	662	142,400	15	
Limestone Water & Sewer District	Sewer Plant Operation	4	4	2			
Maine Military Authority	Vehicle Refurbishment	202	202	525	498,061	23	
CSD (Loring Job Corps Center)	Educational/Office	126	127	147	270,022	42	
US Fish & Wildlife	Wildlife Refuge	2	2	5	8,600	4,700	
TOTAL PUBLIC SECTOR:		930	927	1,341	919,083	4,780	
LDA	Development	14	14	21	94,996	100	
TOTAL EMPLOYMENT: RESIDENTIAL		1,244	1,224	1,902	1,806,135	5,288	
Individual Residences	Residents	11	11	58	*		
Limestone Estates	Residents	212	219	250	*		
R L W Management	Residents	29	22	40	+		
Loring Job Corps	Student Residents	335	312	400			
TOTAL RESIDENTIAL:		587	564	748			
GRAND TOTAL		1,831	1,788	2,650	1,806,135	5,288	
Total Available Space:					2,725,198		

\* 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.