



January 15, 2011

The Honorable Paul LePage  
Governor of the State of Maine  
State House Station #1  
Augusta, Maine 04330

Subject: Annual Report of MRRA

Dear Governor LePage:

Pursuant to 5 MRSA §13083-S, I, Steven Levesque, the Executive Director of the Midcoast Regional Redevelopment Authority (MRRA) am writing to advise you of the activities of the Authority for the year ending December 31, 2010, at the completion of our third year of operation.

The statute requires that the report must address the following issues for the previous year:

**A. *Description of the Authority's operations***

2010 has been another busy, challenging and productive year for the Midcoast Regional Redevelopment Authority (MRRA). We have seen the base population drop significantly with the departure of the Navy squadrons. We, as a state, continued to wrestle with a difficult economic environment. And the closure of NASB only compounds the challenges facing Maine and the midcoast region. Despite these challenges, MRRA continues to work hard to enhance the redevelopment of Brunswick Landing and Topsham Commerce Park and to be a catalyst for the State's economic recovery. Our business development efforts continue to focus on quality job creation in several targeted industries: aviation/aeronautics, renewable energy, composites, information technology, tourism, and higher education.

The redevelopment of Brunswick Landing and Topsham Commerce Park continues to move forward in a collaborative, innovative and progressive way. MRRA is fortunate to work with the support of the Governor's office, State Legislature and some State agencies as well as a strong federal congressional delegation and several federal agencies; cooperative town councils in Brunswick and Topsham, and our knowledgeable and talented Board of Trustees

and staff. In addition, the working relationship we have with the Navy during this transition has been exceptional; particularly the BRAC PMO Office in Philadelphia.

Highlights of the past year's activities include:

- ❑ In November the FAA announced that MRRRA's application for a Public Benefit Conveyance and designation as an eligible airport sponsor had been approved making MRRRA eligible to receive federal airport capital improvement funds.
- ❑ The passage of the Maine Jobs Bond in June 2010, which includes an \$8 million bond package to fund property improvements for MRRRA and Southern Maine Community College. This will allow the MRRRA to leverage additional federal funds to invest in buildings and infrastructure at Brunswick Landing to support business development and job creation.
- ❑ Landing Kestrel Aircraft Company who will be designing and building their JP-10 carbon-composite turbo prop business aircraft here at Brunswick Landing.
- ❑ Working with Mölnlycke Health Care, a pharmaceutical manufacturer, as it plans its expansion at Brunswick Landing.
- ❑ Communicating with over 75 businesses in targeted industries about locating at Brunswick Landing.
- ❑ Working with the Governor's office and Legislature to amend MRRRA statute to create the Jobs Tax Increment Financing (JTIF) program and establish additional authorities for the airport's management.
- ❑ Naming the two base properties - Brunswick Landing: Maine's Center for Innovation and Topsham Commerce Park.
- ❑ Naming the airport facilities - Brunswick Executive Airport.
- ❑ Monitoring the NEPA process as it relates to the Environmental Impact Statement and the Environmental Assessment.
- ❑ Adopting Community Design Guidelines for the two properties.
- ❑ Continuing work on the Renewable Energy Center Feasibility Study.
- ❑ Working with Mr. George Schott and the Towns of Brunswick and Topsham to implement the housing disposition strategy.
- ❑ Planning for The Great State of Maine Air Show & Business Aviation Expo which has been designated as a "Navy Official Tier 1" event celebrating 100 years of naval aviation.

- ❑ In addition to previously-received grants from both the Economic Development Administration of the U.S. Department of Commerce and the Maine Technology Institute, MRRA received an additional \$100,000 from the Environmental Protection Agency Region I office in July 2010 allow the MRRA to partner with the National Renewable Energy Laboratory (NREL) of Colorado to perform Task 2 - the identification and recommendation of those distributed alternative/renewable energy technologies that could be incorporated into our district energy system (including natural gas cogeneration, biomass, photovoltaic systems, solar thermal, wind power, and fuel cells, on-site hydrogen production) as part of the alternative energy park concept.

The vision of a renewable energy center (a national center of excellence with our own dynamic, alternatively-fueled energy production and distribution facilities to provide low-cost, green energy and improve power reliability for property tenants and an on-site living laboratory to test and develop green technologies and to create new and sustainable "green" jobs) has long been considered a key part of the civilian reuse of the Naval Air Station.

What do we have to look forward to in 2011? We've reached major milestones in the NASB redevelopment process. The Notice of Availability of the Final Environmental Impact Statement (FEIS) was published in the Federal Register on November 23. In addition, the Finding of No Significant Impact (FONSI) has been filed for Topsham Commerce Park. Both of these findings give the Navy the green light to begin the property transfer process. Accordingly, MRRA and the Navy will be working with the various recipients of public benefit conveyances to transfer property including Southern Maine Community College, Bowdoin College, Family Focus and the Town of Brunswick. MRRA will also be the recipient of a public benefit conveyance for approximately 850 acres of airport property to begin operation of a new civilian airfield later this month as well.

MRRA and the Kestrel Aircraft Company entered into a lease for a large portion of Hangar 6 allowing Kestrel to establish its new world headquarters in Brunswick, Maine. Kestrel Aircraft is a new firm to be headed by former Cirrus Design's Founder and Chairman Alan Klapmeier. The company's goal is to transform the proof-of-concept Kestrel high-performance turboprop, created by United Kingdom's Farnborough Aircraft, into an FAA/EASA Part 23 certified airplane as soon as 2013. Mr. Klapmeier served as Chairman of Cirrus Design from its inception in 1984 to 2009.



The Kestrel aircraft represents the application of advanced materials, advanced aerodynamic theory and cutting-edge construction techniques to produce an aircraft that

attractive and is safe and easy to operate. The Kestrel also breaks new ground in aircraft performance, delivering a maximum cruise speed higher than competing models, a short climb time to cruise altitude at maximum weight, and the option to fly further and faster, while carrying more passengers and weight. The Kestrel also sets new standards in cabin dimensions and comfort for a six/seven seat aircraft. The Kestrel is designed to bridge the traditional gap between turboprops and substantially more expensive business jets.

This coming year, MRRRA will be providing the financing and oversight for the construction of a 79,000 square foot state of the art pharmaceutical clean room manufacturing for Mölnlycke Health Care this spring.

The Resilient Communications Corporation just signed a lease for buildings 554 and 87 providing them over 75,000 square feet of manufacturing and information technology process space to serve their clients.

As we move further into 2011, I look forward to continuing the positive momentum we've created in becoming one of the leading BRAC redevelopment projects in the country.

Because of the substantial assets and aggressive marketing efforts, there is a significant level of interest in new business growth at Brunswick Landing. Currently, approved leases total **563 jobs and \$147.5 million in investment** with the following companies:

- ❑ Kestrel Aircraft Company will locate manufacturing facility in Brunswick: Up to **300 employees, \$100 million in investment.**
- ❑ Mölnlycke Health Care plans to occupy a 78,000 S.F. new build-to-suit manufacturing facility that will be owned by MRRRA and leased to it: Up to **100 employees, \$40 million in investment.**
- ❑ Resilient Communications plans to occupy 75,000 S.F. of existing buildings for a data center and secured communications operations: Up to **150 employees, \$7 million investment.**
- ❑ Maine Tool & Machine is expanding its precision manufacturing operation in Brunswick: up to **7 new jobs and \$500,000 in investment.**
- ❑ FlightLevel Aviation will be the airport's Fixed Base Operator in time for the airport's opening in April 2011: up to **6 new jobs.**

MRRRA is currently working with several companies in precision machining, composites manufacturing, information technology, aircraft manufacturing and repair, hotel and convention managers/operators and general office development. We are making great progress on opening the Brunswick Executive Airport. The grand opening of the airport is currently scheduled for the afternoon of April 2, 2011. At that time, we will have FlightLevel

Aviation in operation as the Fixed Base Operator (FBO), providing aircraft servicing and renting hangar space. In addition, we will be hosting a "Fly In" on June 4. Details on the Fly In will be published on the MRRRA web site, [www.mrrra.us](http://www.mrrra.us). Information is also available on the airport and the Fly In on the *Brunswick Executive Airport* page on Facebook.

The theme for the 2011 *Great State of Maine Air Show & Business Aviation Expo* is "Those Who Serve." Keeping with that theme, we focused our efforts on recruiting former military aircraft to perform at the show. Among the "war birds" that we are planning to bring to the show are the DAV's B-25 (Panchito), P-51 Mustang, and F4U Corsair.

The *Great State of Maine Air Show* will occur on 26-28 August 2011 at the Brunswick Executive Airport. For more information on the air show, please visit our web site by going to [www.greatstateofmainearshow.us](http://www.greatstateofmainearshow.us), or find us on Facebook.

***B. An accounting of the Authority's receipts and expenditures, assets and liabilities at the end of its fiscal year***

Please find attached an Unaudited Financial Report for the fiscal year ending December 31, 2010. A copy of the final Audited Financial Statement and Single Audit Act Report for the period ending December 31, 2010 will be provided to your office upon completion.

***C. A listing of all property transactions pursuant to Section 13083-K***

No real property was transferred to MRRRA during 2010. In November, the Navy transferred eight pieces of snow equipment and three fire trucks to the MRRRA (see attached inventory description).

MRRRA currently leases two buildings (buildings 37 and 38 totaling about 3,200 square feet) as its offices from the Navy.

This year the BRAC Program Management Office (PMO) and MRRRA entered into a license for Hangar 6 and for the airfield allowing for a single civilian aircraft landing. The MRRRA in turn leased 93,000 square feet of hangar space to the Kestrel Aircraft Company and 8,000 square feet for the winter to the Great Island Boat Company of Harpswell.

The BRAC PMO Office and MRRRA also entered into a lease for buildings 225/252, a vacant warehouse facility. The MRRRA in turn leased the premises to Bowdoin College for the winter to store kayaks and rowing shells.

All leases required tenants to pay market rate rent.

***D. An accounting of all activities of any special utility district formed under Section 13083-L***

The Midcoast Regional Redevelopment Authority submitted a public benefit conveyance application to the Federal Aviation Administration and Navy BRAC PMO office for the transfer of the airfield, aviation facilities and income generating property for the purpose of the operating a general aviation airport at NAS Brunswick. This application was accompanied by an Airport Master Plan and Airport Layout Plan with the authority of MRRRA to operate the airport under the provisions of 13083-L. In November, MRRRA was notified by the Federal Aviation Administration that it was recognized as an eligible Airport Sponsor.

***E. A listing of any property acquired by eminent domain under Section 13083-N***

No property was acquired by MRRRA through its powers of eminent domain.

***F. A listing of any bonds issued during the fiscal year under section 13083-I***

MRRRA did not issue any bonds during 2010. The voters of Maine, however, approved a state transportation improvement bond which includes \$500,000 for investment in aviation facilities at the airport facility in Brunswick. The State Legislature and the voters of Maine also approved a bond referendum for \$3.25 million that will be used to address Americans with Disabilities Act deficiencies at base buildings, utility meter upgrades, and building removals and other public improvements to support base redevelopment and job creation.

The Board at its November meeting adopted Bond Inducement Resolutions in support of the Kestrel Aircraft Company project (up to \$10 million) and the build to suit facility to be built by the MRRRA for Mölnlycke Healthcare AB (up to \$15 million). Bonds have not been issued as of this date for either project.

***G. A statement of the Authority's proposed and projected activities for the ensuing year***

Please find attached a copy of the 2011 Work Plan and Annual Budget approved by the Board of Trustees on December 14.

***H. Recommendations regarding further actions that may be suitable for achieving the purposes of this article***

Current Maine law provides an exemption from sales tax for aircraft purchased or leased by a nonresident and immediately transported out of the State and certain other specifically designed aircraft. Aircraft under 6,000 lbs., parts, and components purchased or leased and used in Maine are subject to sales/use tax, whereas they are not in neighboring states. This puts Maine aviation businesses at a significant competitive disadvantage where business is

lost – or retained only with a commensurate reduction in profit margin. We have been working with the Governor’s office, Senator Stan Gerzofsky and other legislators to sponsor a bill to expand the exemption to include sales or leases of any aircraft by residents and nonresidents and repair or replacement parts used exclusively in aircraft or in the overhaul and rebuilding of aircraft.

Finally, the actual realization of new jobs and the timing of such at NASB will be dependent on several factors, including, but not limited to: receipt of successful and timely conveyances from the Federal Aviation Administration and Navy; the condition and stability of the national and local economic markets; and the availability of sufficient financial resources for property management, security and operations, infrastructure, property improvements and marketing.

Successful redevelopment of closed bases is a very long-term proposition, which requires substantial public and private resources and patience. A key element in successful base redevelopment efforts is the level of support provided by the local, state and federal governments.

Thank you for your interest and support of this important economic development project for the State of Maine.

Sincerely,

Steven H. Levesque  
Executive Director  
MRRRA

- cc. David Boulter, Director, Legislative Council
- Senator Christopher Rector, Chair, LCRED
- Representative Kerri Prescott, Chair, LCRED
- Joint Standing Committee on Labor, Commerce, Research and Economic Dev.
- Gary Brown, Brunswick Town Manager
- Jim Ashe, Topsham Town Manager
- MRRRA Board of Trustees
- Jeffrey K. Jordan, Deputy Director