

Jonathan Judkins  
Loring Development Authority  
LD 1998

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THE JOINT STANDING COMMITTEE ON INNOVATION, DEVELOPMENT,  
ECONOMIC ADVANCEMENT, AND BUSINESS

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LORING DEVELOPMENT AUTHORITY OF MAINE

JANUARY 16, 2024

TESTIMONY OPPOSING LD 1998: An Act to Transfer the Arch Hangar at the Former Loring Air Force Base to the Loring Air Museum

Senator Curry, Representative Roberts, and members of the Joint Standing Committee on Innovation, Development, Economic Advancement, and Business:

My name is Jonathan Judkins and I am the recently-appointed Interim President/CEO of the Loring Development Authority.

I am offering testimony today in opposition to LD 1998, An Act to Transfer the Arch Hangar at the Former Loring Air Force Base to the Loring Air Museum.

The Loring Development Authority has three major concerns with the proposed legislation:

1. With funding support from the federal government, the LDA is in the process of developing an Airport Master Plan (due in June) to petition the FAA for acceptance of the Loring airfield into the National Plan of Integrated Airport Systems (NPIAS). We believe the public use of the aviation facility for the new age industries, can bode significant future economic and job creation opportunities for the central Aroostook region.

This NPIAS designation will allow the LDA to access significant long-term FAA and State funds to make critical improvements to the airport and its facilities (hangars) to facilitate realization of your strategic plan for the property (Brunswick Executive Airport has realized over \$40 million as a result of this designation).

The availability of the Arch hangar for airport redevelopment is one of primary elements to making a business case for the airport, due to its size, and active ongoing target-sector interest (there are several companies very interested in this building). The FAA will need to be assured that there is sufficient revenue generated from airport operations (leases, etc.), to support future airport operations, in order to grant NPIAS status.

The State has invested significant funds to promote Loring, with a strong focus on aerospace and aviation. Without the availability of the Arch Hangar for future commercial/industrial use, it is highly unlikely that the FAA will accept Loring into the NPIAS program, and the vision of a future public airport facility at Loring will never be realized. This action will also negate Loring's participation as a key component of the future Maine Space Complex.

2. We believe the transfer of the Arch hangar may violate the Purchase & Sale (P & S) Agreement with Green 4 Maine (G4M), a master developer, currently having development interest in the Loring properties. Our P & S Agreement with G4M called for the transfer of approximately 400 acres (Parcel 1), which happened in January 2023. It also provided G4M with options to acquire Parcels 2-7 upon the realization of certain leasing and job creation milestones. Parcel 8 is the airport. The Agreement also gave an option to G4M to acquire the airport, which includes the Arch Hangar, upon the realization of the milestones but subject to certain additional conditions. If LDA is successful in obtaining NPIAS status for the airport, the option is no longer in effect and LDA keeps the airport.

If the FAA declines to confer NPIAS status on the airport, or if LDA has not been able to achieve NPIAS status within 5 years, then G4M may exercise the option and we would be obligated to transfer the airport to G4M along with the Arch Hangar. If the State of Maine takes the Arch and removes it from the reach of G4M in this scenario, in my opinion it would constitute a governmental “taking” and G4M would be entitled to receive fair compensation just as they would in any eminent domain proceeding. The irony is the removing the Arch Hangar from the airport will make it nearly impossible to build a business case for the FAA and NPIAS will be out of our reach. Right now, G4M has only a contingent right to obtain the Arch hangar, but with a failed effort to gain NPIAS status, they would have an immediate claim to ownership (assuming they have met the milestones). as it allows them the option to acquire the airport property (which includes the hangar), if NPIAS status isn’t achieved.

3. We believe the transfer of the ARCH hangar to the Museum may violate the Economic Development Conveyance (EDC) agreement with the Air Force, which requires the former property to be utilized for economic development purposes. The EDC Agreement recognizes LDA as a legitimate “redevelopment authority” based on BRAC laws and that finding made LDA eligible to apply for and receive the Loring property in an EDC transfer.

One of the conditions in the EDC Agreement is that the LDA would hold the property as a tool to spur economic activity and the transactions must help foster job creation and spur economic development. We are also required to seek to negotiate for the highest rent or purchase price feasible under the circumstances, understanding that we may employ incentives so long as they are negotiated in good faith, in arms-length transactions. The breach of the EDC Agreement may result in a claim against the LDA or, worst-case, the US re-taking the Loring property. Ordinarily, the Air Force would may want to pursue anything like that, but the Dept of Defense has just provided us with \$750,000 of assistance to prepare an Airport Master Plan and to seek NPIAS status which will require the Arch hangar to be successful.

To reiterate, we believe the public use of the aviation facility for the new age industries we are looking to attract, can bode significant future economic and job creation opportunities for the central Aroostook region. Given its significant infrastructure (already paid for by the taxpayer), it would sad to waste this incredible economic asset and create other potential legal complications.

In light of the above, I recommend that the LDA request the Legislature to hold a decision on this bill pending FAA’s decision.

I’d be happy to attend any work sessions or provide information you might need.

Respectfully submitted,

Jonathan Judkins