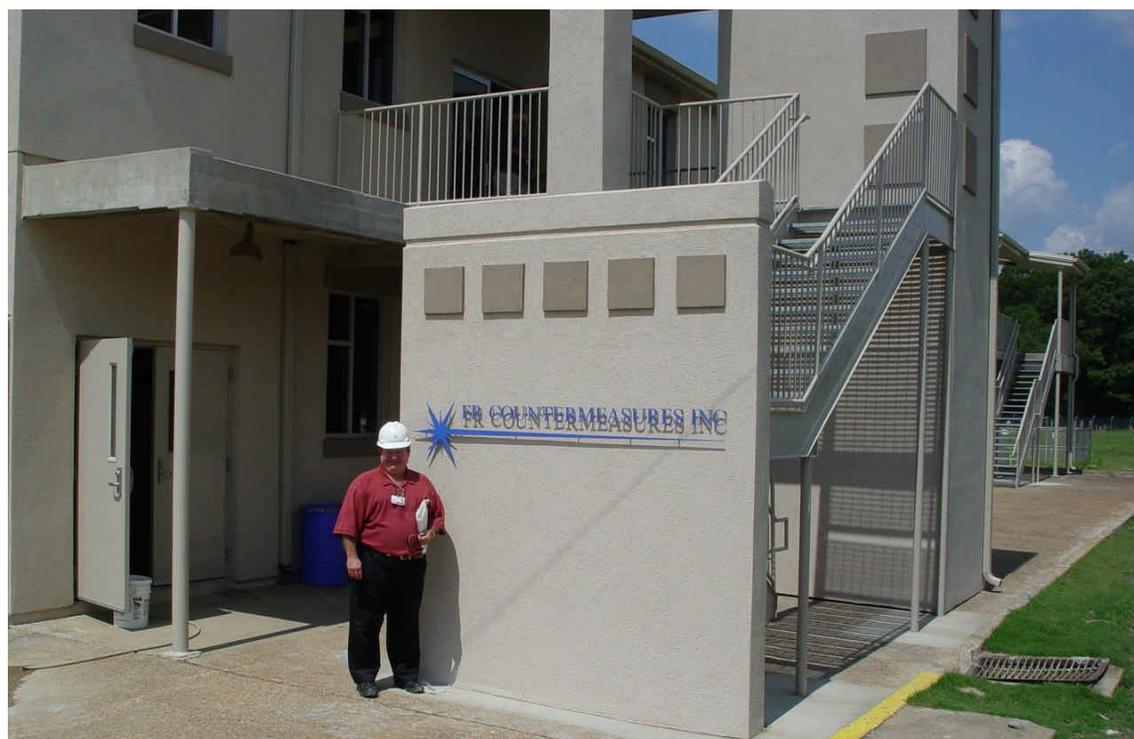


## Former Ammo Manufacturing Facility Transformed for Flare Production

A \$25 million investment, partially funded by ARMS incentives, has literally turned the earth upside down to make way for a state-of-the-art military flare manufacturing facility-which will ultimately employ about 250 persons at a former ammo-loading line at the Milan Army Ammunition Plant (MLAAP).

Under a Facilities Use Agreement with American Ordnance, FR Countermeasures, Inc. (FRC), a subsidiary of Flight Refueling Limited of Great Britain, and an army of workers has transformed old WWII buildings (constructed in 1941) into modern structures that stand out like a rebirth of an aged facility from another era. The former 'Z' Line, on the north side of MLAAP, has new added features, including largely unmanned production assembly lines, new infrastructure to handle the product lines, a \$1.3M pollution control system approved by the EPA, and more than 200,000 cubic feet of concrete.

Dave Morgan, President/Chief Operating Officer, who was hired while VP/General Manager of American Ordnance at MLAAP, has been on top of the project since day one in August of last year. "In less than a year, the progress out here has been phenomenal," Morgan said, sitting in his cool,



Dave Morgan, President/COO of FRC in front of the new headquarters building.

spacious office that smells brand new. It is located on the second floor of a former bullet-making facility that featured coarse concrete floors, restricted lighting and walls made of red blocks of tile and concrete. Adjacent to his office is a whole second floor of modern office space, cubicles, computers, and high-tech equipment.

"Despite all of this investment here, we're without a single contract in hand to sell flare products," he said. "This venture was done on faith,

knowing that when it's finished, it will be the best of the best. And then those contracts will come. We know it," he said.

A bright, new cafeteria has also been constructed on the ground floor of the office complex-which is no ordinary layout.

The 25-acre 'Z' Line facility was leased by the Army to the British firm in a long-term contract. The 25 acres, nearby 'E' line were also leased by the firm and will be used later for research and development.

Both areas are off limits to the public. Visitors must first clear the MLAAP guard gate off State Hwy. 104 east of Milan City Park, and then clear the company guard office at the front of the flare manufacturing facility, a mile inside the ammunition plant. Murray Guard Co. provides security for the flare plant, Morgan said. There are also 12 security cameras mounted on poles that turn 360 degrees in scanning the complex secured with a tall fence all around it.

Morgan said the company

# Former Ammo Facility Produces Flares

...continued from pg. 1

currently had 41 employees, learning the operation from the ground up. "We'll probably add about 40 more by November and another 70 by the end of the year. By the end of 2004, we plan to have at least 250 employees," he said. "And if we do our jobs right, we'll keep growing," he said.

While touring the new plant last week, more than 120 contract workers were on the grounds, pouring concrete, installing electrical conduits, painting, building ramps, and moving in manufacturing equipment. Morgan said scores of contractors were involved in the massive project, including Fisher Construction and H&M Construction Co. "We tried our best to use in-state contractors," he said.

**Safety Number One Priority**  
Materials used to make flares are similar to pyrotechnic chemicals, highly inflammable and dangerous, said Morgan. "Our new plant is designed so there will be an 80% reduction in exposure to employees," he said. "There will be 90 surveillance cameras inside the plant to monitor every phase of the operation," he said. Chemicals to make the flares will be automatically mixed via computer, poured, molded, semi-baked, and packaged mostly without human exposure."

The flares, attached to military planes, when triggered, light the sky, producing heat to divert an oncoming enemy heat-seeking

missile away from the plane, Morgan explained. "Those shoulder-launched missiles can be fired by untrained persons. And when fired, will travel up to 15,000 feet (about 3 miles). They are attracted to a heat-producing engine."

Since the majority of aircraft losses in recent wars were due to ground-to-air missiles, the need for flare protection was realized, Morgan, a retired Army Colonel said. "The flares will be contracted to all branches of military service and also to some of our allies."

The flares are packed in different sizes, from 12" long to twice that long; some are in cylinders and others in rectangular boxes.

## Free Fireworks in the Future?

Morgan said that once production was in force, there would be some night testing of flares in the skies over the plant. "They will be safe, but interesting to watch," he said.

For more information about this story or Milan AAP, contact:

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*Article courtesy of Bob Parkins, Milan Mirror Exchange, edited by Pendulum Management Co.*



**Z-11, a 1941 vintage change house transformed into FRC's North American Corporate Headquarters.**



**Transformation of corporate offices.**



## ARMS Program Wins Awards

**Packard Award** - The Armament Retooling and Manufacturing Support (ARMS) Team was recently awarded with the David Packard Excellence in Acquisition Award for exceptional efforts in the transformation of Army Ammunition Plants. In 2002, the ARMS program saved the Army \$48 million by using incentives and innovative acquisition techniques. The ARMS Program attracts commercial tenants onto idle portions of the installations. Revenues from these tenants reduce the Army's cost of ownership and overhead rates (thus lowering ammunition unit costs).

The ARMS program has lowered the future disposal cost of facilities, increased the value of facilities, retained critical industrial skills, in 2002

provided \$461 million in economic impact to local communities and sustained over 3,400 jobs. The team has also applied advanced facilities use contracting expertise to support the Program Executive Office, Aviation (PEO AVN). The team, using alpha contracting techniques, awarded a facilities use contract and an Indefinite Delivery/Indefinite Quantity contract to a small business. Using these contracts over the past 3 years, the team has awarded over \$50 million for helicopter repair/renovation in support of the PEO. The team is transforming idle 'liabilities' into revenue generating assets.

**Corenet Global Innovator's Award** - The ARMS Program has been recognized as a finalist for the annual Corenet Global Innovator's Award in the

category of Innovations by New Players in Corporate Real Estate. Being selected as a finalist entitled the ARMS Program to provide a twenty-minute oral presentation at Harvard University before a panel of judges. All finalists and the winner of each category will be acknowledged during the Oct 11 - 15 Annual Summit in Atlanta.

**NAID Marketing Award** - The National Association of Installation Developers (NAID) Annual Awards for Excellence were presented on August 11 at a luncheon during the organization's annual meeting, held at the Hyatt Regency Chicago. The awards recognize military base redevelopment organizations that creatively promote business attraction for their facilities. The ARMS Marketing Special Purpose Brochure was recognized as

best of class for that category. This award winning brochure and other marketing methods are used to gain exposure to this very successful program that has been a win-win for industry and Government.

**Harvey Communication Measurement Award** - The full-page ARMS ad in the May 2003 Plant Sites and Parks magazine was recognized for advertising which achieved outstanding readership response, as measured through personal, face-to-face interviews with a national sample of readers. The full page ad scored above average in recall and reading scores and the verbatim comments were very positive.



## AET - The Winning Solution



Advanced Environmental Technology (AET), a facilities use tenant subcontractor at the Iowa Army Ammunition Plant (IAAAP) in Middletown, Iowa has been busy preparing for full start-up since the completion of construction in 2002. This has included update of regulatory paperwork, equipment testing and prove out, preparation of plans and

SOPs, completion of a trial burn plan, and the recent hiring of a new site manager with extensive energetics experience who will work at the Middletown plant location.

Last year AET realized that to accomplish a myriad of critical tasks they would have to work key events/actions in parallel to meet their start-up milestones. They did this by focusing on the management of key resources including funding, personnel, and sub-contractor activities. At this time, all EPA and Iowa Department of Natural Resources (IDNR)

regulations have been met for facility operation.

Another key part of the business start-up has been marketing of services at key events within the demilitarization (demil) and Army communities. This includes the Demil Symposium in Sparks, Nevada and the Winter Association of the United States Army (AUSA) show at Fort Lauderdale, Florida. The demilitarization industry has great interest in safe, quality and cost effective demilitarization and AET is a company that meets these

needs. They have the capability to demil a host of items including propellants, explosives, pyrotechnics, detonators, fuzes, explosive contaminated items and small caliber ammunition.

AET President Mr. Robert E. Gruber highlights the support from American Ordnance and the ARMS team during this phase of the start-up process as "absolutely critical to the smooth operation of the Middletown plant. We are making great progress and are looking forward to full production in 2004."



## Renewals 'Ramp Up' at Lake City

Some said it couldn't be done... others said it shouldn't be done... but the Lake City Business Development staff has always believed we can do both at Lake City. As Director, Business Development & Community Affairs for the Alliant Lake City Small Caliber Ammunition Company, LLC, prime contractor at the Lake City Army Ammunition Plant,

Jack Figg is quick to tell you the manufacture of ammunition for the U. S. Army should be viewed as the largest facility use tenant in this 4,000 acre industrial park. Any remaining idle or underutilized buildings or land is what is available for commercial lease to a third party. Just like in any bustling industrial park anywhere, when your largest

tenant needs more land or buildings, that is who you take care of first. Given ATK's increased production levels to meet their customer's needs, very little new commercial lease inventory is expected to be turned over to the Lake City Business Development Center. This makes retaining current lease tenants and/or expanding current lease

tenants the Number 1 means of growing the ARMS program advantages at Lake City in the near term. Lake City Business Development forecasts that approximately 85% of their current tenant leases can be renewed and/or expanded during FY04. Look for more information about Lake City in the next issue of this newsletter.

## Patriot Renews Its Growth at Lake City



department stores, etc., the smaller retail store often does not have his own receiving dock and warehouse facilities. So they rely on pool point distribution facilities like Patriot



**Interior warehouse conveyor and sorting line.**

to service their stores in a 250-mile radius of a strategically located regional distribution point. Large over-the-road trucks roll into the Patriot facilities at the Lake City Business Center from across the U.S.A. and are quickly sorted down to small retail store-sized loads into the late hours of each evening so that Patriot drivers can hit the road early the next morning for the

day's deliveries long before the retail stores and malls even think about opening for business.

For a US military veteran-operated business, the Lake City Business Center offers a very secure and readily accessible facility at a fair market lease value. The idea was to try to grow the business year-by-year under one year leases during Years 1 and 2 before moving into a longer term lease arrangement. Patriot believes if all goes as planned, they can fully utilize 40,000 to 50,000 S.F. of dock served warehouse, plus the necessary upgraded office and

customer conference room square footage.

The ARMS program has made it possible to update additional space for Patriot's growth at each renewal and not over burden this emerging business with high rents and tenant improvements. Patriot has grown this family-owned and operated business from 10 to 15 employees to 20 to 25 during their first year at Lake City. With back-to-school shoppers and the holiday season just around the corner, we look for even greater regional economic impact from seasonal hiring activities.



**Patriot deliveries arrive at building six for sorting and distribution to retail stores.**

Steady as she goes... according to John Dionne (founder and General Manager, Patriot, Inc.), is the plan to grow this fast moving pool point distribution operation. Large retail firms such as Famous Footwear, Best Buy, and Eddie Bauer find Patriot, the perfect answer to their regional distribution requirements that must get from the manufacturer to retail outlets in the proper quantity and at just the right time. To achieve this, Patriot assures their customer of daily delivery directly to the customer's stock room. Unlike the retail giants like Wal-Mart, Dillards, Kohl's