

**Time: 8:30 a.m.**

**Place:** 55 International Drive, Pease International Tradeport  
Portsmouth, New Hampshire

**AGENDA**

- I. Call to Order (Loughlin)
  - A. Introduction of New Chairman
  
- II. Acceptance of Meeting Minutes: September 21, 2017\*
  
- III. Public Comment
  
- IV. Old Business
  - A. Approvals
    1. Lonza Biologics, Inc. – Iron Parcel Agreement Extension\* (Torr)
  
- V. Finance
  - A. Independent External Audit Examination
    1. Reports
      - a. Management Representation Letter\*
      - b. Executive Summary of Audit Engagement\*
      - c. Auditor Required Communication Letter\*
    2. Approvals
      - a. Certified Financial Statements and the Uniform Guidance Audit of Federal Awards\* (Allard)
  - B. Financial Reports
    1. Operating Result for Two Month Period Ending August 31, 2017\*
    2. Nine Month Cash Flow Projections to June 30, 2018\*
  
- VI. Licenses/ROE/Easements/Rights of Way/Options
  - A. Reports
    1. Wentworth Douglas Hospital – ROE\*
    2. US Air Force – ROE\*
  
- VII. Leases
  - A. Reports
    1. 75 New Hampshire, LLC – Global Aquaculture Alliance, Ltd.\*
    2. 222 International, LP – Accellion, Inc.\*
  - B. Approvals
    1. Port City Air, Inc. – Ground Handling Agreement Extension\* (Preston)
    2. Allegiant Air, LLC – Lease Extension\* (Lamson)

VIII. Contracts/Agreements

A. Reports\*

1. Lithonia Lighting – LED Light Replacement at Golf Course at Pease

B. Approvals

1. Moulison, LLC – Light Replacement/Pole Painting at DAW\* (Loughlin)
2. SSE, LLC dba Horizons Property Services & Landscaping – Snow Plowing\* (Bohenko)

IX. Executive Director’s Reports/Approvals

A. Reports

1. Golf Course Operations
2. Airport Operations
  - a) PSM
  - b) Skyhaven Airport
  - c) Noise Line Report\*

B. Approvals

1. Bills for Legal Services\* (Preston)

X. Division of Ports and Harbors

A. Reports

1. Port Advisory Council
2. Business Development, Nova Scotia\*
3. Isle of Shoals Steamship Company – Parking Agreement\*

B. Approvals

1. Jocelyn Marine Services Inc. – ROE \* (Torr)
2. Appledore Marine Engineering – Routine Condition Inspection\* (Loughlin)
3. Appledore Marine Engineering – Vessel Service Power Replacement\* (Allard)
4. NAS Fuels, LLC – ROE\* (Bohenko)

XI. New Business

XII. Upcoming Meetings

Finance Committee	November 13, 2017
Golf Committee	November 13, 2017
Board of Directors	November 16, 2017

**All Meetings begin at 8 a.m. unless otherwise posted.**

XIII. Directors’ Comments

XIV. Adjournment

XV. Press Questions

\* Related Materials Attached

\*\* Related Materials Previously Sent

\*\*\* Related Materials will be provided under separate cover

+ Materials to be distributed at Board Meeting

■ Confidential Materials

**PEASE DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS MEETING  
MINUTES**

Thursday, September 21, 2017

Presiding: George M. Bald, Chairman  
Present: Peter J. Loughlin, Vice Chairman; Robert A. Allard, Treasurer; Margaret F. Lamson;  
Robert Preston and Franklin G. Torr  
Absent: John P. Bohenko  
Attending: David R. Mullen, PDA Executive Director; Lynn M. Hinchee, Deputy Executive Director  
and General Counsel; PDA staff members; members of the public

**I. Call to Order**

Chairman Bald called the meeting to order at 8:08 a.m. in the Board conference room at 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire.

**II. Acceptance of Minutes: August 10, 2017**

Director Lamson moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the August 10, 2017 Board meeting.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

**III. Public Comments**

There were no public comments.

**IV. Old Business**

There was no old business.

**V. Finance Committee Report**

**A. Financial Reports**

**1. Operating Results for Twelve Month Period Ending June 30, 2017**

Irving Canner, PDA Director of Finance, reported on the status of PDA FY17 finances for the twelve month period ending June 30, 2017, including variances in revenues and operating costs. Mr. Canner reviewed the status of PDA staffing, utility costs and legal fees. Mr. Canner reported that the field audit is completed, that it went well and was clean. PDA will receive a certified audit report from the auditors. Mr. Canner reported on the changes in the Balance Sheet for the period and the effect of the pension liabilities on PDA's net position. *Note: Director Preston left the room at 8:18 a.m. and returned at 8:19 a.m.* Mr. Canner reviewed construction activities including grant funded and non-grant funded projects. The total for projects this fiscal year is \$3.1 million. A review of the business units for the period showed PSM enplanements are just below 71,000; Skyhaven Airport's capital expenditures are approximately \$1 million; and Golf Course operating revenues, simulator revenues, and bar and grill sales are ahead of the same period last year. Mr. Canner discussed the Revolving Line of Credit ("RLC") and reported that we have not had to use any funds from it this fiscal year. In response to Chairman Bald's question, Mr. Canner stated that the contract with the audit firm is three years fixed with two options. The cost to the audit firm is \$16,000 for the first three years.

## 2. **Nine Month Cash Flow Projections to May 31, 2018**

Mr. Canner reviewed PDA cash flow projections for the nine month period ending May 31, 2018 including sources of funds for grant funded and non-grant funded projects. The nongrant funds spent were \$619,000, with the bridge replacement on the Blue Course at the Golf Course at Pease totaling approximately \$190,000 of that amount. The credit with Provident Bank, which is a \$5 million facility, was extended to December 31, 2018. The cost of borrowing today would be 3.9% versus 3% a year ago.

### VI. **Licenses/Easements/Rights of Way/Options**

#### A. **Reports**

##### 1. **Big Brothers Big Sisters – ROE**

David R. Mullen, Executive Director reported on the Right of Entry issued to Big Brothers Big Sisters for an event being held on September 23, 2017.

### VII. **Leases**

#### A. **Reports**

In accordance with the “Delegation to Executive Director: Consent, Approval of Sub-sublease Agreements,” Mr. Mullen reported on the following subleases:

##### 1. **30 International Drive, LLC – Seacoast Ticket Agency, Inc.**

30 International Drive, LLC entered into a sublease with Seacoast Ticket Agency, Inc. for 2,570 square feet at 30 International Drive for a base term of two years with one three-year option. Director Lamson approved the sublease.

##### 2. **200 International, Limited Partnership – Optris Infrared Sensing, Inc.**

200 International, Limited Partnership entered into a sublease with Optris Infrared Sensing, Inc. for 1,600 square feet at 200 International Drive for a base term of three years. Vice-Chairman Loughlin approved the sublease.

##### 3. **222 International, Limited Partnership – Orbis Sibro, Inc.**

222 International, Limited Partnership entered into a sublease with Orbis Sibro, Inc. for 5,656 square feet at 195 New Hampshire Avenue for a base term of five years with one five-year option. Vice-Chairman Loughlin approved the sublease.

#### B. **Approvals**

##### 1. **127 Corporate Drive – Fire Dept. Concept Approval**

Director Loughlin moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby approves of the Concept Plan submitted by the City of Portsmouth for the premises located at Fire Station #3, 127 International Drive, Portsmouth, New Hampshire for the minor site and interior and exterior building improvements; all on terms and conditions set forth in the memorandum of Maria J. Stowell, P.E., Manager - Engineering, dated September 11, 2017 attached hereto and subject further to the Executive Director negotiation and entering into any required amendment to the License Agreement with the City made effective July 1, 1998 for the Fire Station for the purpose of documenting and facilitating the improvements contemplated.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.



## **VIII. Contracts/Agreements**

### **A. Reports**

In accordance with Article 3.9.1.1 of the PDA Bylaws, Mr. Mullen reported that PDA entered into the following contracts:

#### **1. PH Media (USA), Inc. – Service Agreement at Pease Golf Course**

PDA contracted with PH Media (USA), Inc. for media rental at Pease Golf Course. The expenditure of \$6,480.00 was approved by Treasurer Allard. Funds are included in the Marketing Budget for Pease Golf Course.

#### **2. RMS Media Group, Inc.**

PDA contracted with RMS Media Group, Inc. for a ½ page ad in Northshore Magazine for Pease Golf Course. The expenditure of \$2,220.00 was approved by Treasurer Allard. Funds are included in the Marketing Budget for Pease Golf Course.

#### **3. Summit Supply**

PDA contracted with Summit Supply to purchase a glass washer for the bar area at Grill 28 at Pease Golf Course. The expenditure of \$3,800.00 was approved by Vice-Chairman Loughlin. Funds will be covered in the Operating Budget, line item equipment under \$5,000.

#### **4. Granite State Glass**

PDA contracted with Granite State Glass for the replacement of seven insulated window panes at 55 International Drive. The expenditure of \$3,075.00 was approved by Vice-Chairman Loughlin.

#### **5. The H.L. Turner Group, Inc.**

PDA contracted with The H.L. Turner Group, Inc. for evaluation and preparation of drawings of the catwalk near the tower elevation at the Portsmouth International Airport at Pease. The expenditure of \$6,000.00 was approved by Vice-Chairman Loughlin.

#### **6. Portsmouth Sign Company**

PDA contracted with Portsmouth Sign Company to purchase and install a new illuminated exterior sign for the Portsmouth International Airport at Pease. The expenditure of \$3,885.00 was approved by Vice-Chairman Loughlin.

### **B. Approvals**

#### **1. Enterprise Rent-A-Car of Boston, LLC – Concession Agreement**

Director Lamson moved and Director Preston seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a Car Rental Concession Lease and Operating Agreement with Enterprise Rent-A-Car Company of Boston, LLC, for the purpose of providing rental car services at the Portsmouth International Airport at Pease; all in**

accordance with the memorandum of Mark H. Gardner, Deputy General Counsel, dated September 12, 2017, attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

**X. Executive Director's Reports/Approvals**

**A. Reports**

**1. Golf Course Operations**

Scott DeVito, PGA General Manager, reported on the activities at the Pease Golf Course, reporting that there were record numbers the last two months, even with a delayed opening and that the price per round has increased. The mailer for the membership renewals has been mailed out.

**2. Airport Operations**

Paul E. Brean, Airport Director, reported on aviation activities.

**a) PSM**

There were over 70,000 enplanements this month. The number of passengers are still split 50/50 between Allegiant and troop passengers. The number of people going through the terminal is double the number of enplanements, or approximately 140,000. There is a Noise Compatibility meeting tonight. In response to Director Preston's question, attendance is expected to be normal. Mark H. Gardner, Deputy General Counsel, will be attending.

Allegiant is phasing out equipment and going with Airbus models. The winter schedule should have more frequent flights to Punta Gorda and Sanford, Florida. There will be no winter service to Ft. Lauderdale this year. It is expected that Allegiant will have increased activity to St. Petersburg this winter during the spring break time period.

The triennial drill was conducted on Saturday, September 16, 2017. The community was well prepared and the capacity of the health care networks was tested. It was very successful.

**b) Skyhaven Airport**

Mr. Brean reported that the construction at Skyhaven Airport is done for the winter.

**c) Noise Line Report**

There were a total of 96 noise inquiries at PSM during the month of August. There were 60 inquiries regarding rotor activities; originating from three Portsmouth residences. One Portsmouth resident was responsible for 55 of the 60 rotor wing inquiries. There were 36 inquiries regarding fixed wing activities originating from Newmarket and Rye. The Newmarket resident was responsible for 35 calls and the Rye resident made one inquiry.

**B. Approvals**

**1. Bills for Legal Services**

Director Allard moved and Director Torr seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds up to \$31,307.49 for the following legal services rendered to the Pease Development Authority:**

1.	<b>Kutak Rock LLP</b> CLF/Through August 31, 2017	<u>\$11,925.49</u>	\$11,925.49
2.	<b>Sheehan Phinney Bass + Green PA</b> CLF/Through July 31, 2017	<u>\$19,382.00</u>	<u>\$19,382.00</u>
	<b>Total</b>		<u>\$31,307.49</u>

Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

## **XI. Division of Ports and Harbors**

Tracy Shattuck, Chief Harbormaster, reported on the Division activities and the approvals sought before the board represent the current business at the Port.

### **A. Reports**

#### **1. Port Advisory Council**

Mr. Shattuck reported that the Port Advisory Council met on September 13, 2017. The contract with Morton Salt was discussed. The Council was advised about the Foreign Trade Zone project and the NH DOT Functional Replacement of the Barge Dock. Installation of the middle (draw) portion of the Sarah Long Bridge has been postponed to October 17-27, 2017.

#### **2. Monadnock Security Systems, Inc. – DPH Surveillance System**

The DPH contracted with Monadnock Security Systems, Inc. to purchase and install a new security camera at Rye Harbor Pier. The expenditure of \$4,088.00 was approved by Vice-Chairman Loughlin.

#### **3. Yates Electric Service, Inc. – DPH Surveillance System**

The DPH contracted with Yates Electric Service, Inc. to provide electric services for the installation of a new security camera at Rye Harbor Pier. The expenditure of \$3,680.00 was approved by Vice-Chairman Loughlin.

#### **4. HDR Engineering, Inc.**

The DPH contracted with HDR Engineering, Inc. for consultation services regarding visit to Port of Halifax. The expenditure of \$9,250.00 was approved by Vice-Chairman Loughlin.

### **B. Approvals**

#### **1. Granite State Whale Watch, Inc. – ROE**

Director Preston moved and Director Lamson seconded that **the Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a Right of Entry with Granite State Whale Watch, Inc. of Rye, New Hampshire, for the use of a storage building at Rye Harbor Marine Facility in Rye, New Hampshire through June 30, 2020; all in accordance with the**

memorandum of Geno J. Marconi, Division Director, dated September 15, 2017 attached hereto. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

**2. Foreign Trade Zone #81 (“FTZ”) – Alternative Site Framework Application**

Director Torr moved and Director Preston seconded that **the Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute an application and any other documents necessary or likely to facilitate the application for the Alternative Site Framework Foreign Trade Zone #81 project with the US Dept. of Commerce Foreign Trade Zone Board; in accordance with the Memorandum of Geno J. Marconi, Division Director, dated September 11, 2017, attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

Chairman Bald suggested that DPH do a mailing to companies of a certain size in order to try to inform them about the FTZ and what benefits it could be to them.

Director Preston stated he had a call from someone in Hampton who wanted new tee shirts.

**XII. New Business**

There was no new business.

**XIII. Upcoming Meetings**

Chairman Bald reported that the following meetings will be held:

Port Committee	October 5, 2017
Audit Committee	October 17, 2017
Board of Directors	October 19, 2017

All Meetings begin at 8 a.m. unless otherwise posted.

**XIV. Directors’ Comments**

Director Torr had indicated that five entities came forward regarding the McEntyre Building project.

**IX. Non-Public Session**

Director Lough moved and Director Lamson seconded that **The Pease Development Authority Board of Directors will enter non-public session pursuant to:**

- 1. NHRSA 91-A:3, Paragraph II(d) for the purpose of discussing the acquisition, sale or lease of property;**
- 2. NHRSA 91-A:3, Paragraph II(a) the dismissal, promotion, or compensation of any public employee or the disciplining of such employee, or the investigation of any charges against him, unless the employee affected (1) has a right to a meeting and (2) requests that the meeting be open, in which case the request shall be granted; and**
- 3. NHRSA 91-A:3, Paragraph II(b) for the purpose of discussing the hiring of a public employee.**

**Note: Roll Call Vote required.** Discussion: None. Disposition: Resolved by unanimous roll call vote for; motion carried. The Board entered into non-public session at 9:46 a.m. The Board returned to public session at 10:08 a.m.

**XV. Vote of Confidentiality**

Director Allard moved and Director Preston seconded that **Resolved, pursuant to NH RSA 91-A:3, Paragraph III, the Pease Development Authority Board of Directors hereby determines that the divulgence of information discussed and decisions reached in the non-public session of its September 21, 2017 meeting related to:**

1. **Leasing of property; and**
2. **Personnel matters;**

would, if disclosed publically, a) render the proposed actions ineffective; and b) affect adversely the reputation of any person other than a member of the public body itself; and agrees that the minutes of said meeting be held confidential until, in the opinion of a majority of the Executive Committee the aforesaid circumstances no longer apply. **Note: This motion requires 5 Affirmative Votes.** Discussion: None. Disposition: Resolved by unanimous roll call vote for; motion carried.

**XVI. Adjournment**

Director Allard moved and Director Preston seconded to **adjourn the Board meeting.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried. Meeting adjourned at 10:14 a.m.

**XVII. Press Questions**

No members of the press attended the meeting.

Respectfully submitted,



David R. Mullen  
Executive Director

MOTION

Director Torr:

The Pease Development Authority Board of Directors authorizes the Executive Director to extend the Option with Lonza Biologics, Inc. ("Lonza") for the premises known as the Iron Parcel located at 70/80 Corporate Drive, effective January 1, 2018 for a period of five (5) years at a fee of \$35,318 for each six (6) month period; all on substantially the same terms and conditions set forth in the memorandum from David R. Mullen dated October 10, 2017, attached hereto.

N:\RESOLVES\Resolves-Current\Lonza-Iron Parcel 1017.docx

## MEMORANDUM

To: Pease Development Authority Board of Directors  
From: David R. Mullen, Executive Director *DM*  
Re: Lonza Option - 70 /80 Corporate Drive  
Date: October 10, 2017

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Beginning in July of 2002, PDA granted Lonza Biologics, Inc. ("Lonza") an Option on the property behind its 101 International Drive facility, the so called "Iron Parcel," located at 70/80 Corporate Drive. Over the years the Option has been renewed several times and is now set to expire on December 31, 2017. During this time Lonza has made use of the Option area for contractor parking and staging purposes in connection with its ongoing development of the 101 International Drive facility.

Recently, Lonza requested that it be granted another extension on the Option for a five (5) year period. Historically, Lonza has paid PDA an Option fee of \$25,000 for every six (6) month period. Going forward, Lonza has agreed to an increase of the Option fee to \$35,518 for each six (6) month period. This new rate reflects an overall CPI adjustment from the \$25,000 rate.

Lonza continues to thrive and grow at the Tradeport and in view of its plans to expand in the future, it is important to accommodate its need for additional property in close proximity to its existing facility, with a current employment of approximately 950. At the October 19, 2017 meeting of the Board, I intend to request your approval to extend Lonza's Option on the Iron Parcel for an additional five (5) years on the terms and conditions set forth herein.

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REPORT DATE

Berry Dunn McNeil & Parker, LLC  
Certified Public Accountants  
1000 Elm Street, 15th Floor  
Manchester, NH 03101

To the Principals:

This representation letter is provided in connection with your audits of the statements of net position of Pease Development Authority (PDA), a component unit of the State of New Hampshire, as of June 30, 2017 and 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise PDA's basic financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 8, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which PDA is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

- 10) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within PDA from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the Finance Committee, Audit Committee and Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects PDA and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.

- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting PDA's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of PDA's related parties and all the related party relationships and transactions of which we are aware.
- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) PDA has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 22) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those



nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

- 27) PDA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) PDA has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 30) Provisions for uncollectible receivables have been properly identified and recorded.
- 31) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 32) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 33) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 34) With respect to the Management's Discussion and Analysis:
  - a) We acknowledge our responsibility for presenting Management's Discussion and Analysis in accordance with U.S. GAAP, and we believe Management's Discussion and Analysis, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the Management's Discussion and Analysis have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b) If Management's Discussion and Analysis is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
  - c) There are no currently known facts, decisions, or conditions that are expected to have a significant effect on the statement of net position or statement of revenues, expenses and changes in net position

35) With respect to federal award programs:

- a) We are responsible for understanding and complying with and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).
- b) We acknowledge our responsibility for presenting the SEFA and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and

confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.

- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- t) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- u) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

Very truly yours,

PEASE DEVELOPMENT AUTHORITY

---

David Mullen  
Executive Director

---

Irving Canner  
Director of Finance

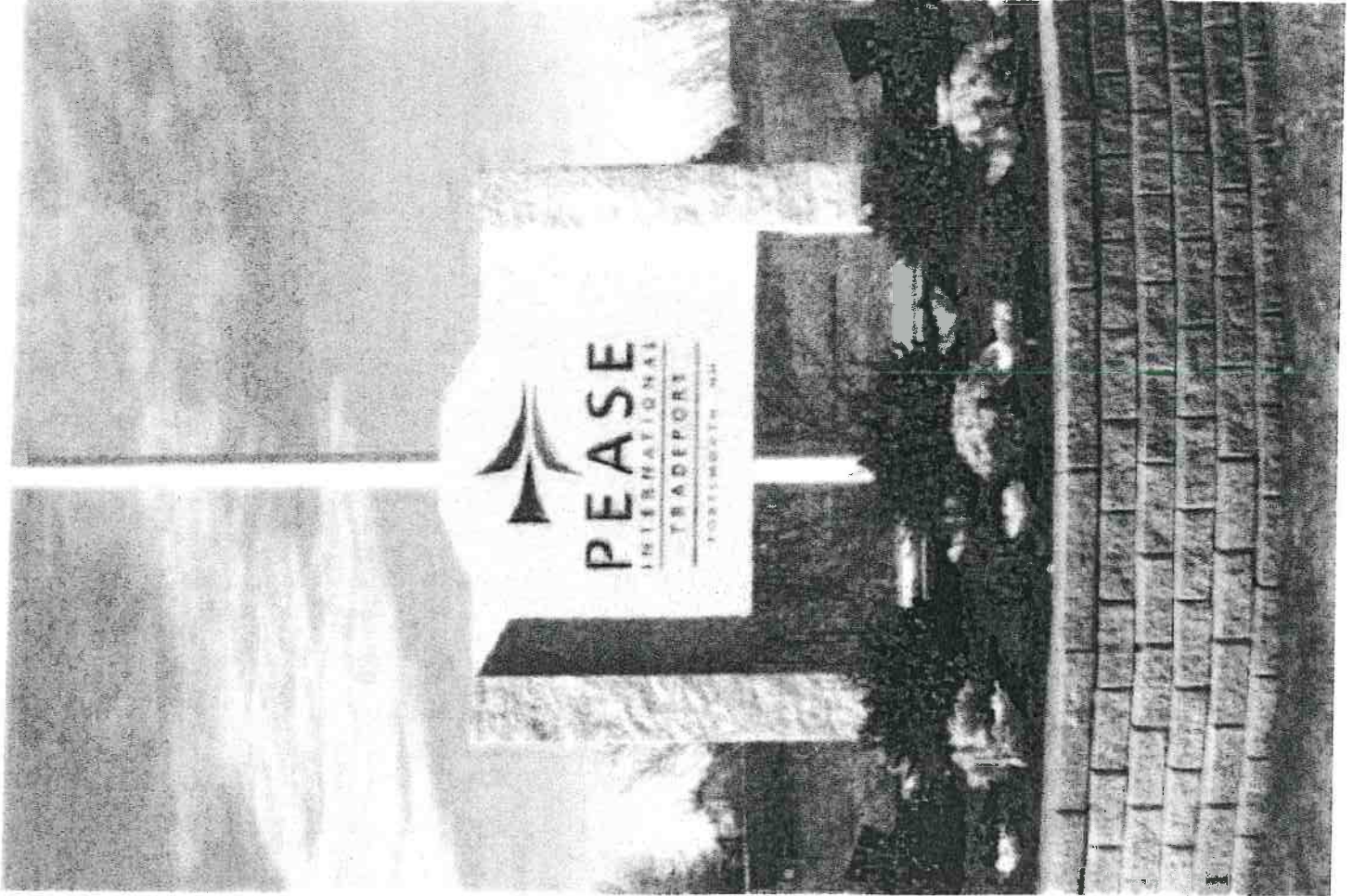


# Auditor Communications to the Board of Directors



**Presented By:**  
Mark LaPrade, CPA, CGMA, Principal  
Robert Smalley, CPA, Senior Manager  
Katharine Balukas, CPA, Manager

**October 19, 2017**







# Agenda

- Required Auditor Communications
- Financial Statement Audit
- Uniform Guidance Audit
- Emerging Issues
- Questions



# Required Auditor Communications

## QUALITATIVE ASPECTS OF ACCOUNTING POLICIES

### ACCOUNTING POLICIES

- Significant accounting policies are described in Note 2
- No new accounting policies were adopted and the application of existing policies was not changed
- No transactions lacked authoritative guidance
- All significant transactions are reflected in the correct period

### SIGNIFICANT ESTIMATES

- Receivables in the Revolving Loan Fishing Fund are fully collectible
- Estimated useful lives of capital assets used in the calculation of depreciation expense
- Estimates used in the calculation of the net pension liability, deferred inflows of resources and deferred outflows of resources
- Determined estimates are reasonable in relation to financial statements

### SENSITIVE DISCLOSURES

- Note 16 – Disclosure of the cost-sharing multiple-employer defined benefit plan required by GASB 68
- Note 18 – Disclosure of commitments and contingencies



# Required Auditor Communications OTHER REQUIRED DISCLOSURES

## DISAGREEMENTS/ DIFFICULTIES

- No disagreements with management
- No difficulties in performing the audit

## MANAGEMENT REPRESENTATIONS

As part of the audit, we will obtain a signed letter from management attesting to certain representations made during the audit

## CORRECTED & UNCORRECTED MISSTATEMENTS

- Required to accumulate all known and likely misstatements, other than those that are trivial
- We noted no corrected or uncorrected adjustments as a result of our audit

## CONSULTATIONS AND OTHER MATTERS

- We are not aware of management having consultations with other accountants
- Our discussions with management were in the ordinary course of business and not a condition of our retention



# Required Auditor Communications OTHER REQUIRED DISCLOSURES

## REQUIRED SUPPLEMENTARY INFORMATION

- Management's Discussion & Analysis and the Pension Information are presented as a supplement to the basic financial statements as required by Governmental Accounting Standards Board
- We have applied certain limited procedures to this required supplementary information in accordance with U.S. generally accepted auditing standards
- We do not express an opinion or provide assurance on the Required Supplementary Information

## OTHER INFORMATION

- We did not perform any auditing procedures on the other information on pages 1 & 2
- We do not express an opinion or provide assurance on the Other Information



# Required Auditor Communications INTERNAL CONTROL MATTERS

## MATERIAL WEAKNESS

A deficiency in internal control such that a material misstatement of the financial statements may not be prevented, or detected and corrected, by the Authority's internal control

## SIGNIFICANT DEFICIENCY

A deficiency in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

## RESULTS

- We consider internal controls over financial reporting as basis for designing audit
- Consideration was not for the purpose of expressing an opinion on the effectiveness on internal control
- We did not identify any deficiencies in internal control that we deem to be material weaknesses
- Material weaknesses may exist that have not been identified



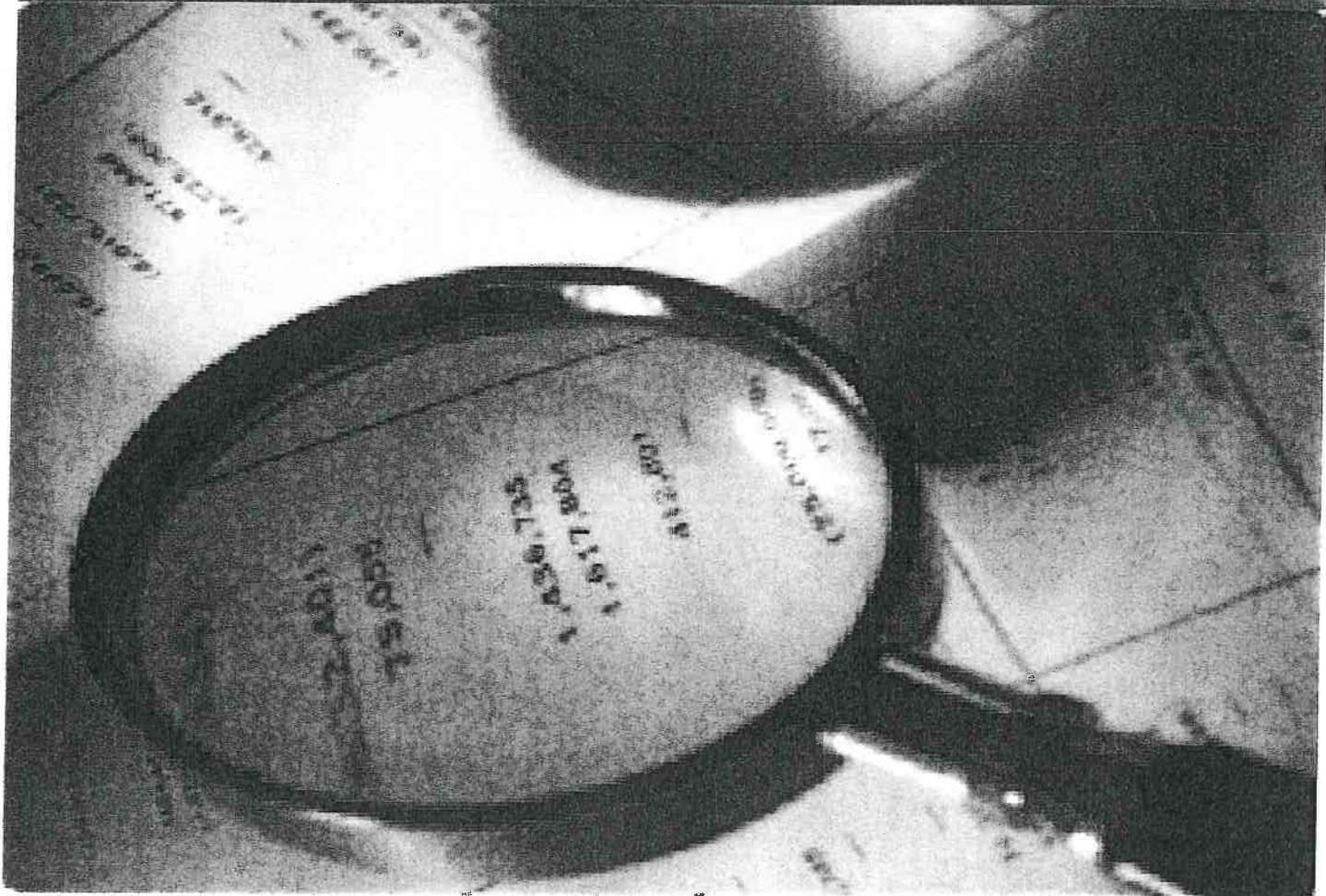
# Auditor's Report on the Financial Statements

- Management's responsibilities:
  - The preparation of the financial statements
  - Design and maintenance of internal controls over financial reporting
- We are responsible for obtaining reasonable assurance that the financial statements are fairly stated within all material respects



## Auditor's Report on the Financial Statements

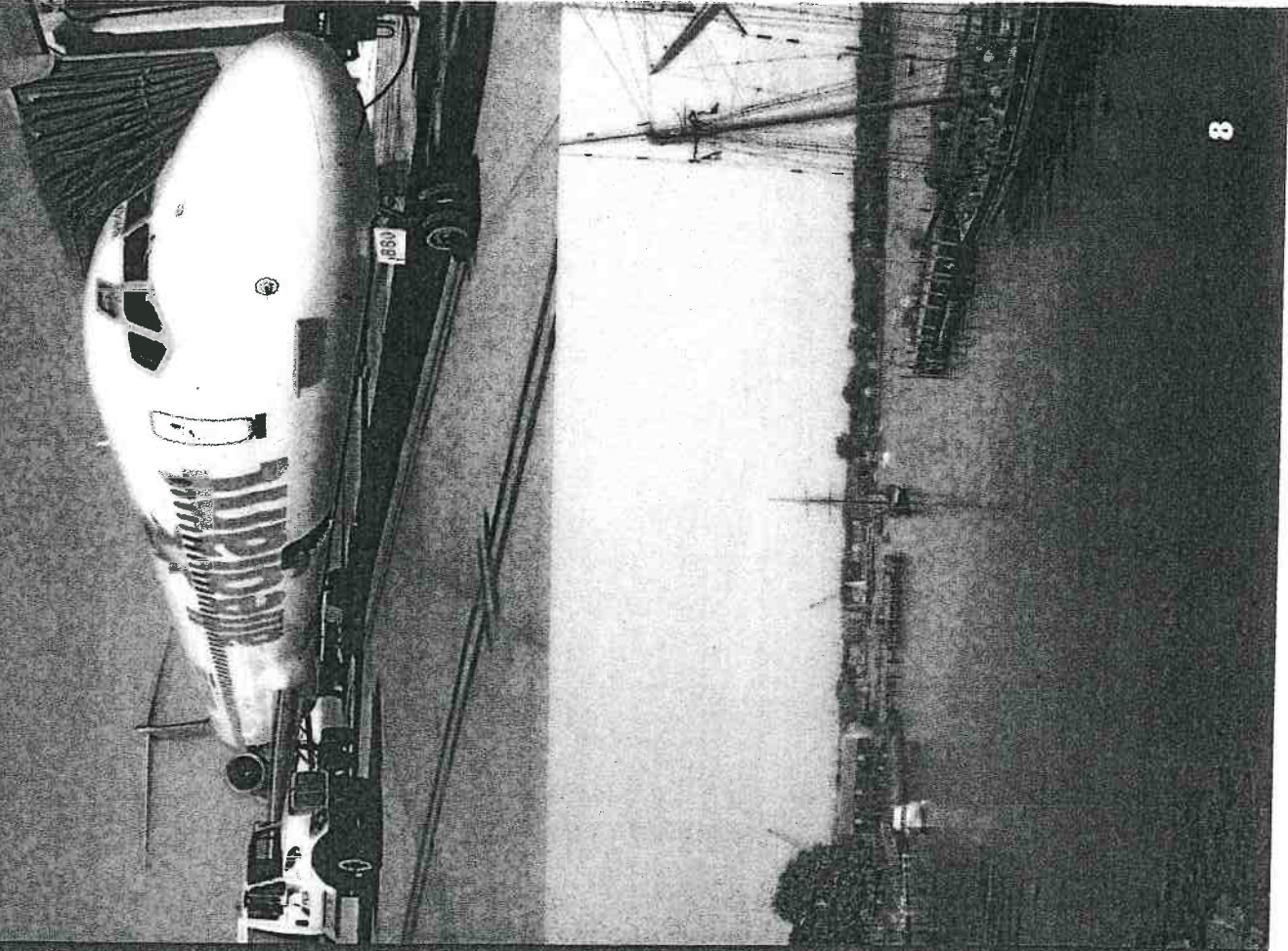
- As part of our audit, we obtain audit evidence about amounts and disclosures in the financial statements
  - ❑ Procedures are based on auditors judgment
  - ❑ Evaluate appropriateness of accounting policies
  - ❑ Consider the reasonableness of significant estimates
  - ❑ Evaluate overall presentation of the financial statements
- **UNMODIFIED OPINION** on the financial statements



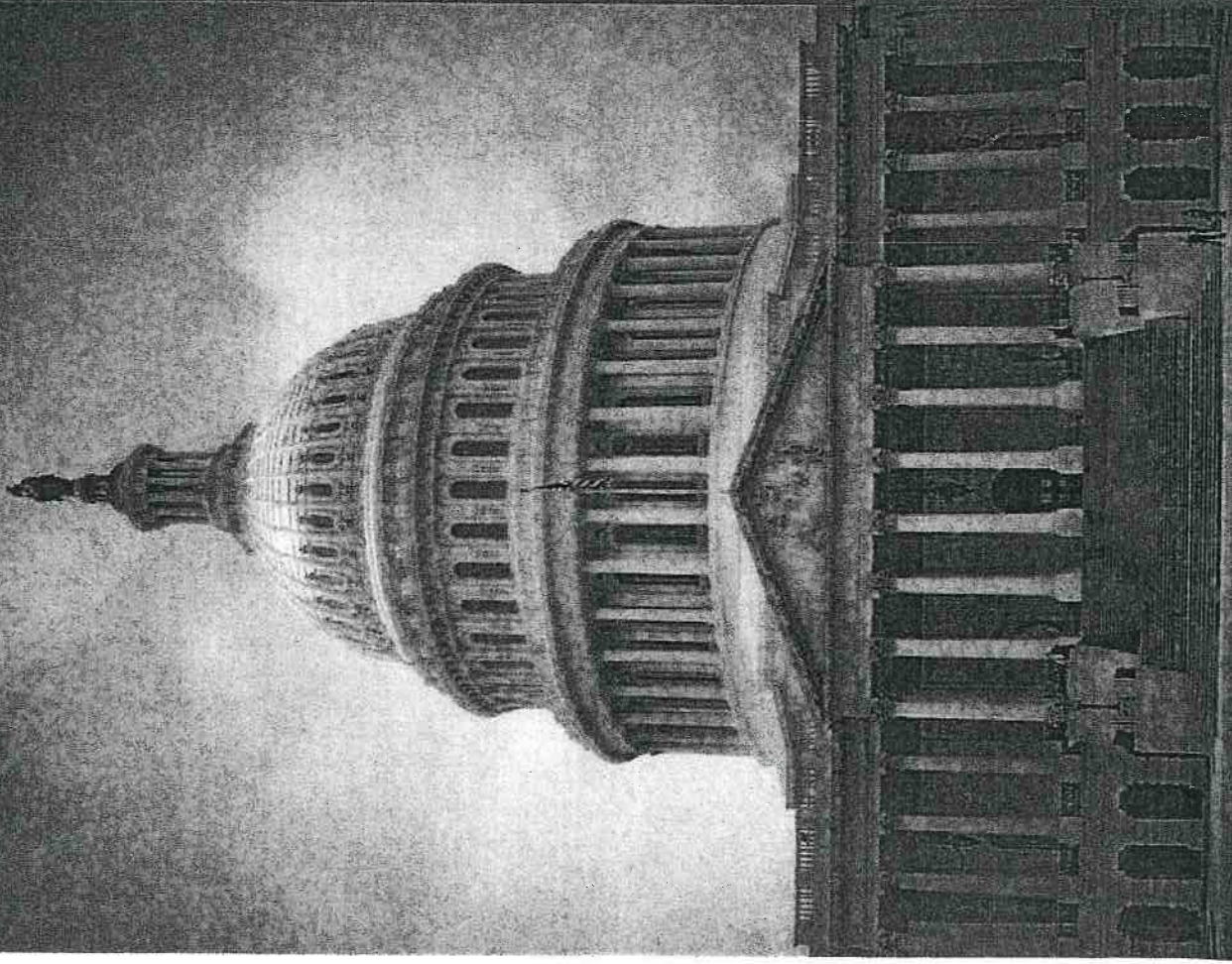


# Financial Statement Highlights

- Cash increased by approx. \$2.3 million due to a reduction in non-grant related construction projects
- Capital expenditures were approx. \$3.1 million (runway & reconstruction projects), of which \$2.4 were funded by federal or state funds
- Pension liability increased by \$1.2 million due to changes in the funded status of NHRS
- Total net position decreased by approx. \$455,000, but unrestricted net assets increased by approx. \$2.9 million
- Unrestricted net deficit of \$350,000 at year-end compared to \$3.2 deficit in prior year
- Significant increase in A/R is related to capital funds of \$787,000
- A/P for capital projects increased by \$610,000







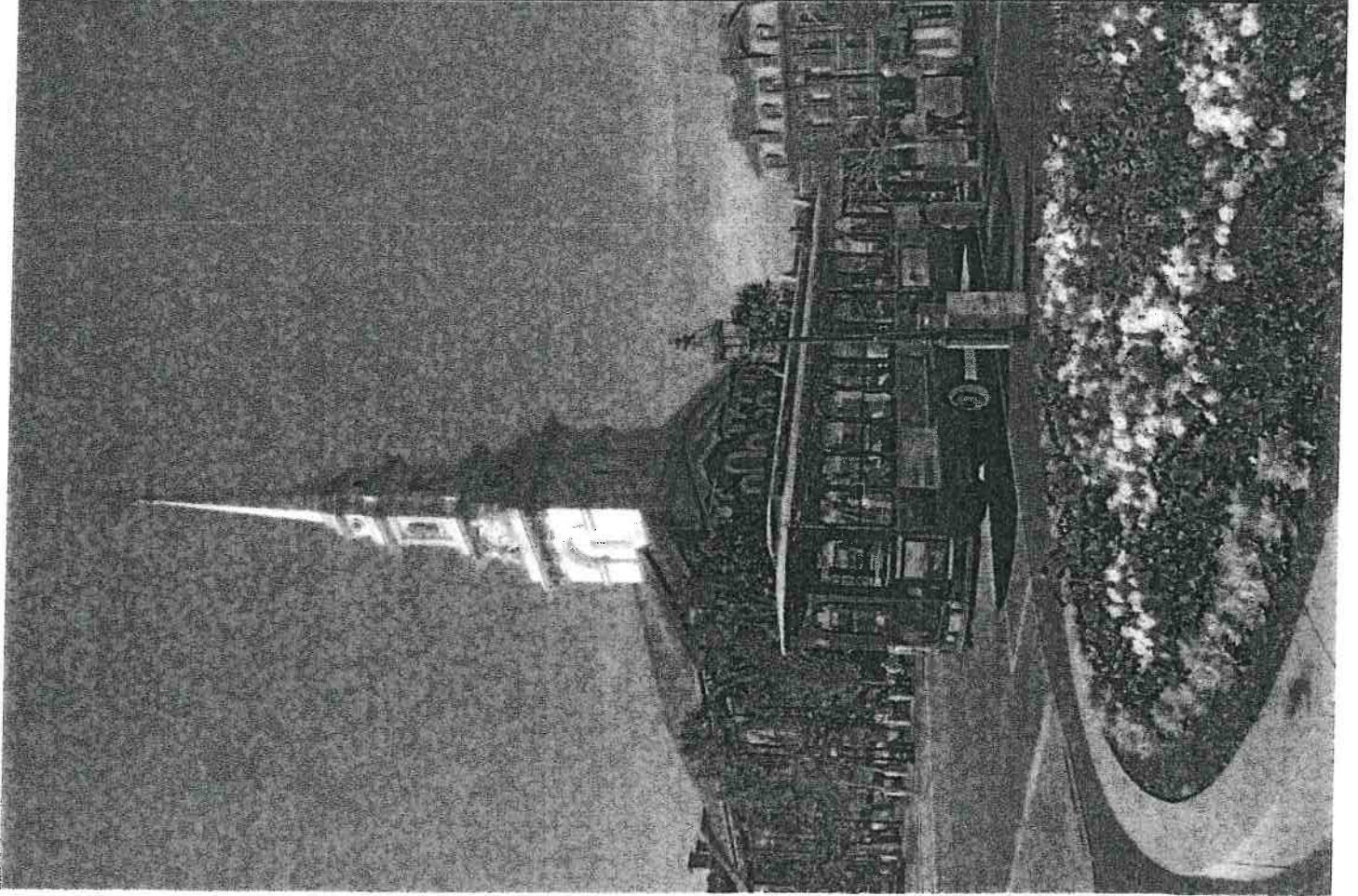
# Uniform Guidance Audit

- Tested the Airport Improvement Program as the major program in 2017
- Compliance audit is designed to obtain reasonable assurance that the Authority complied with the requirements of the major program
- **UNMODIFIED OPINION** on compliance with the requirements of the major program
- No compliance findings related to the major program
- No noncompliance with laws, regulations, contracts and grant agreements noted that would be direct & material to the financial statements
- **UNMODIFIED OPINION** that the SEFA is fairly stated in relation to the financial statements



## Uniform Guidance Audit

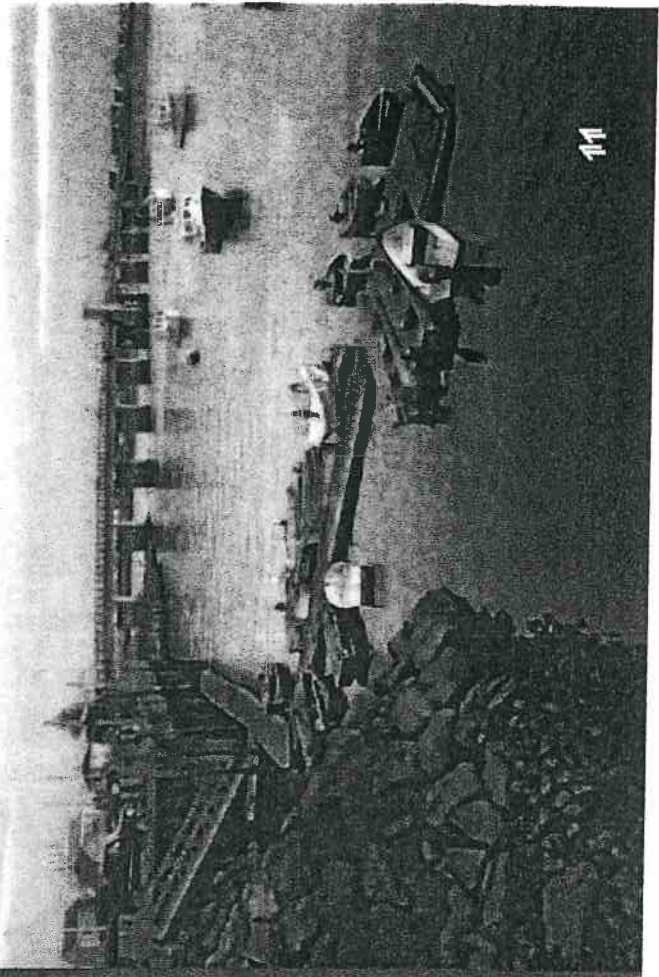
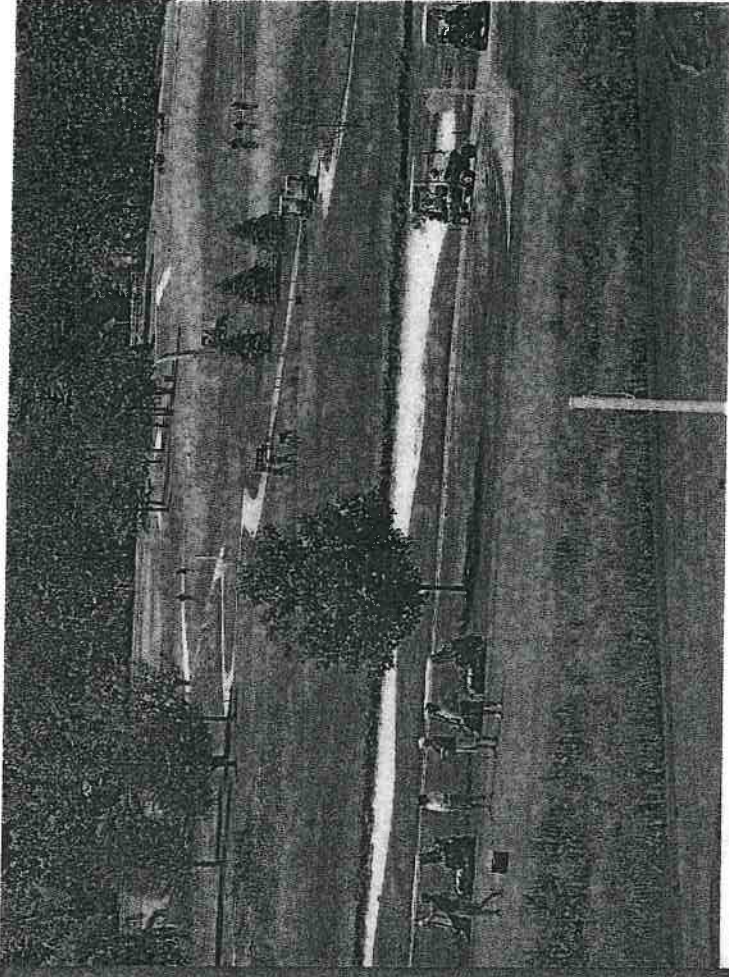
- We consider internal controls over compliance when designing the audit procedures for the major program
- We do not express an opinion on internal controls over compliance with the direct and material compliance requirements
- No findings related to internal controls over compliance with the requirements of the major program
- Material weaknesses may exist that have not been identified





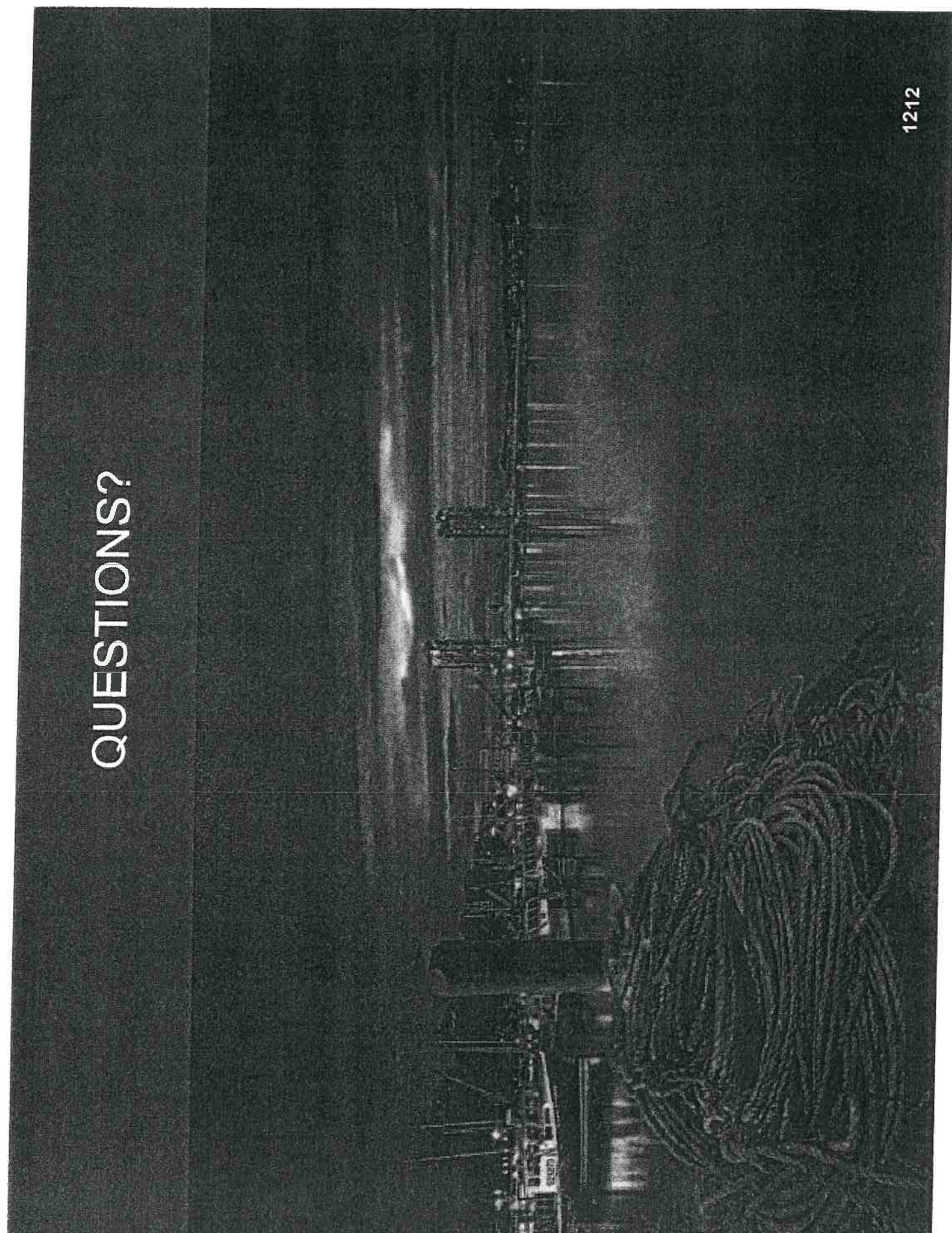
## Emerging Issues

- GASB 75 – Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions
- GASB 87 – Leases





# QUESTIONS?





# Contact Us

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603.518.2633

**Robert Smalley, CPA**

Senior Manager

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603.518.2627

**Katharine Balukas, CPA**

Manager

[kbalukas@berrydunn.com](mailto:kbalukas@berrydunn.com)

603.518.2648

*This communication is intended solely for the information and use of the Board of Directors, management and others within Pease Development Authority and is not intended to be, and should not be, used by anyone other than these specified parties.*







Board of Directors  
Pease Development Authority  
(A Component Unit of the State of New Hampshire)

We have audited the financial statements of Pease Development Authority (PDA), a component unit of the State of New Hampshire, as of and for the year ended June 30, 2017, and have issued our report thereon dated REPORT DATE. Professional standards require that we communicate to you our responsibilities under U.S. generally accepted auditing standards, *Government Auditing Standards* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our audit summary dated April 19, 2017. Professional standards also require that we communicate to you the following information related to our audit.

## **PART I – REQUIRED COMMUNICATIONS**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by PDA are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by PDA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Management's conclusion that an allowance for doubtful accounts is not necessary for the Revolving Loan Fishery Fund receivables as of June 30, 2017 and 2016 based on the historical collection rates of these loans.
- The estimated useful lives of capital assets used in the calculation of depreciation expense, which is based on the perceived life of the related capital assets.
- The estimates used in the calculation of the net pension liability, deferred inflows of resources and deferred outflows of resources related to the pension plan, which are based on information provided by the New Hampshire Retirement System and audited by KPMG.

We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosures of the cost-sharing multiple-employer defined benefit plan required by Governmental Standards Board Statement No. 68 in Note 16.
- The disclosure of commitments and contingencies in Note 18 to the financial statements.

The financial statement disclosures are neutral, consistent and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no corrected or uncorrected adjustments as a result of our audit.

#### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated REPORT DATE.

#### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the PDA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as PDA's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**PART II – INTERNAL CONTROL MATTERS**

In planning and performing our audit of the financial statements of PDA as of and for the year ended June 30, 2017, in accordance with U.S. generally accepted auditing standards, we considered PDA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PDA's internal control. Accordingly, we do not express an opinion on the effectiveness of PDA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of PDA's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

\*\*\*\*\*

We sincerely appreciate the cooperation, courtesy, and working environment provided to our personnel by management and the employees of PDA during our engagement.

This communication is intended solely for the information and use of the Audit Committee, Board of Directors, management and others within PDA and is not intended to be, and should not be, used by anyone other than these specified parties.

Manchester, New Hampshire  
REPORT DATE



MOTION

Director Allard:

The PDA Board of Directors accepts receipt of the Certified Annual Financial Statement for the years ended June 30, 2017 and 2016 and the Uniform Guidance Audit of Federal Awards for the year ended June 30, 2017; all as prepared and submitted by the PDA's independent auditor, Berry, Dunn, McNeill and Parker, LLC; and further authorizes the Executive Director to forward the Certified Financial Statement to the State of New Hampshire for inclusion in the Comprehensive Annual Financial Report.

N:\RESOLVES\Resolves\2017\Audit 1017.docx

*DRAFT*  
*OCTOBER 11, 2017*

# **Pease Development Authority**

(A Component Unit of the State of New Hampshire)

## Financial Statements and Management's Discussion and Analysis

*Years Ended June 30, 2017 and 2016*  
*With Independent Auditor's Report*





**PEASE DEVELOPMENT AUTHORITY  
(A Component Unit of the State of New Hampshire)**

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2017 and 2016**

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**PEASE DEVELOPMENT AUTHORITY  
(A Component Unit of the State of New Hampshire)**

**BOARD OF DIRECTORS**

---

George M. Bald, Chairman  
Appointed by the New Hampshire State Governor and Executive Council

Peter J. Loughlin, Vice Chairman  
Appointed by the City of Portsmouth and Town of Newington

Robert A. Allard, Treasurer  
Appointed by the New Hampshire Speaker of the House

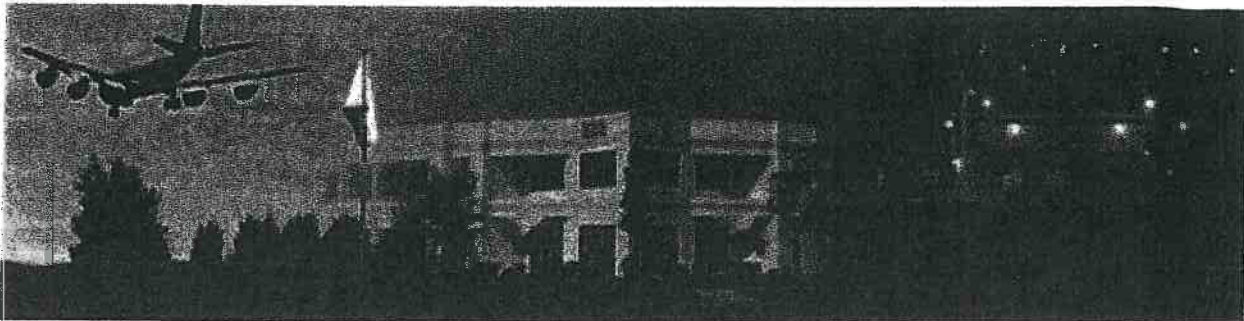
John P. Bohenko  
Appointed by the City of Portsmouth

Margaret F. Lamson  
Appointed by the Town of Newington

Robert F. Preston  
Appointed by the New Hampshire Senate President

Franklin G. Torr  
Appointed by Strafford County Legislative Delegation

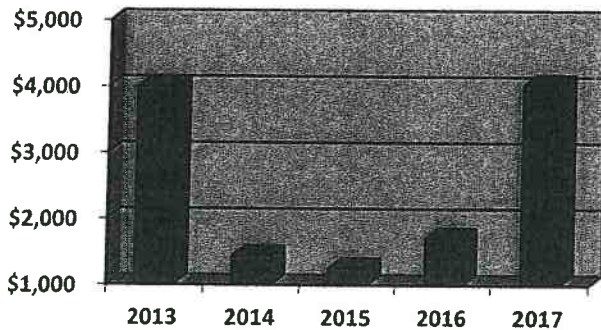
David R. Mullen  
Executive Director and Secretary  
Hired by the Pease Development Authority Board of Directors



**PEASE DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New Hampshire)**  
**FINANCIAL HIGHLIGHTS (UNAUDITED)**  
(\$ in Thousands)

	2013	2014	2015	2016	2017
<b>Consolidated Revenues</b>					
Tradeport	\$ 7,926	\$ 7,631	\$ 7,826	\$ 8,028	\$ 8,264
Ports and Harbors	4,223	2,773	2,762	2,474	2,495
Golf Course	1,658	1,621	2,197	2,420	2,472
Aviation	<u>1,232</u>	<u>1,173</u>	<u>1,117</u>	<u>1,237</u>	<u>1,237</u>
<b>Total</b>	<b>\$ <u>15,039</u></b>	<b>\$ <u>13,198</u></b>	<b>\$ <u>13,902</u></b>	<b>\$ <u>14,159</u></b>	<b>\$ <u>14,468</u></b>

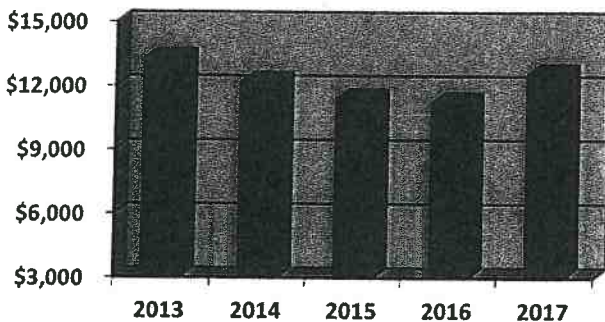
**UNRESTRICTED CASH AND  
CASH EQUIVALENTS**



- Debt outstanding has been significantly reduced reflecting lower non-grant related capital expenditure requirements across all business units:

June 30	Amount
2013	\$ 3,532
2014	4,307
2015	3,345
2016	465
2017	349

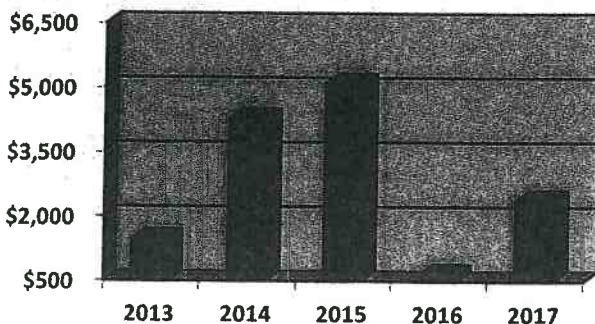
**OPERATING EXPENSES  
(EXCLUDING DEPRECIATION)**



- Capital assets, primarily due to third party grant funding and renovations to the golf course, Portsmouth International Airport (PSM) and Skyhaven Airport (DAW) have continued to increase during the past several fiscal years:

June 30	Amount
2013	\$ 146,771
2014	153,811
2015	159,556
2016	161,023
2017	164,071

**CONTRIBUTED CAPITAL**



- Net cash provided by operating activities has stabilized during the past several fiscal years due to lower allowances for doubtful accounts:

June 30	Amount
2013	\$ 3,859
2014	40
2015	2,748
2016	4,221
2017	3,382





## INDEPENDENT AUDITOR'S REPORT

Board of Directors of  
Pease Development Authority  
(A Component Unit of the State of New Hampshire)

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Pease Development Authority (PDA), a component unit of the State of New Hampshire, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise PDA's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PDA as of June 30, 2017 and 2016, and the changes in its net position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Board of Directors of  
Pease Development Authority  
(A Component Unit of the State of New Hampshire)

### ***Other Matters***

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that Management's Discussion and Analysis on pages 5 to 14 and the required supplementary information on pages 36 to 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements. The financial highlights section on page 2 is presented for the purpose of additional analysis and is not a required part of the financial statements. The financial highlights section has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October xx, 2017 on our consideration of PDA'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PDA's internal control over financial reporting and compliance.

Manchester, New Hampshire  
October XX, 2017



**PEASE DEVELOPMENT AUTHORITY**  
**(A Component of the State of New Hampshire)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS (UNAUDITED)**

---

This report identifies the Pease Development Authority's ("PDA") financial position and describes PDA's financial activities over the past three fiscal years. This section of PDA's annual financial report is known as "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" ("MD&A") and presents our discussion and analysis of PDA's consolidated financial performance during the fiscal years ended June 30, 2017, 2016 and 2015.

The MD&A is an analysis of the financial condition and operating results of PDA and is intended to introduce the basic financial statements and notes to those statements. The MD&A must be presented in every financial report that includes basic financial statements prepared in accordance with accounting principles generally accepted in the United States of America. It is intended to provide an objective and easily readable analysis of PDA's financial activities based on currently known facts, decisions, or conditions. This MD&A should be read in conjunction with PDA's financial statements and accompanying notes.

***Overview of the Financial Statements***

This annual report consists of three parts: a) Management's discussion and analysis; b) the basic audited financial statements which include notes explaining some of the information in the financial statements and provide detailed data; and c) required supplementary information.

PDA is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the accrual basis of accounting. The component unit financial statements offer short and long-term financial information about the activities and operations of PDA. These statements are presented in a manner similar to a private business.

The statements of net position show the financial position of PDA at the end of each fiscal year and include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The total net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Over time, an increase in net position is one indicator of an institution's financial health.

The statements of revenues, expenses and changes in net position report total operating revenues, operating expenses, nonoperating income (expense), contributed capital and the change in net position for the years ended June 30, 2017 and 2016.

The statements of cash flows summarize transactions involving cash and cash equivalents during each fiscal year. The statements provide an additional tool to assess the financial health of the institution and its ability to generate future cash flows to meet its obligations.

**PEASE DEVELOPMENT AUTHORITY**  
**(A Component of the State of New Hampshire)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION**  
**AND RESULTS OF OPERATIONS (UNAUDITED) (CONCLUDED)**

**Current Assets**

Current assets are those assets that are expected to be used (sold or consumed) within a year, unlike non-current assets. Current assets are reflected on the statement of net position and are listed in order of decreasing liquidity. The current asset position of a company is important, both for assessing its financial strength and for gauging its operational efficiency.

**Comparison of 2017 to 2016**

**Changes in Current Assets**  
(\$ in Thousands)

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Cash and Cash Equivalents	\$ 4,032	\$ 1,713	\$ 2,319	135.4
Accounts Receivable - Net	1,324	589	735	124.8
Other Current Assets	536	467	69	14.8
<b>Total Current Assets</b>	<u><u>\$ 5,892</u></u>	<u><u>\$ 2,769</u></u>	<u><u>\$ 3,123</u></u>	<u><u>112.8</u></u>

PDA's current assets increased by \$3.1 million or 112.8% primarily due to the increases in cash and cash equivalents as well as accounts receivable associated with grant related capital projects. The primary reason for the increase in cash and cash equivalents was associated with reduced non-grant related construction activities as well as an increase in accounts payable and accrued expenses at year-end. Receivables for grant related capital projects were reflective of fiscal year end construction activities at both PSM and DAW. Accounts receivable included an allowance for doubtful accounts of approximately 0.4% and 1.2% of total accounts receivable at June 30, 2017 and 2016, respectively.

**Comparison of 2016 to 2015**

**Changes in Current Assets**  
(\$ in Thousands)

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Cash and Cash Equivalents	\$ 1,713	\$ 1,257	\$ 456	36.3
Accounts Receivable - Net	589	1,899	(1,310)	(69.0)
Other Current Assets	467	471	(4)	(0.8)
<b>Total Current Assets</b>	<u><u>\$ 2,769</u></u>	<u><u>\$ 3,627</u></u>	<u><u>\$ (858)</u></u>	<u><u>(23.7)</u></u>

PDA's current assets decreased by \$0.9 million or 23.7% primarily due to the decrease in accounts receivable. The resulting increase in cash and cash equivalents was partially offset to reduce debt outstanding and to support construction activities across all business units. Accounts receivable included an allowance for doubtful accounts of approximately 1.2% and 0.9% of total accounts receivable at June 30, 2016 and 2015, respectively.



**PEASE DEVELOPMENT AUTHORITY**  
**(A Component of the State of New Hampshire)**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS (UNAUDITED) (CONTINUED)

**Restricted Assets**

Restricted assets represent amounts that are subject to externally imposed restrictions on their use by creditors, grantors, laws, regulations, or through constitutional restrictions or enabling legislation.

**Comparison of 2017 to 2016**

**Changes in Restricted Assets**

(\$ in Thousands)

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Cash and Cash Equivalents	\$ 695	\$ 597	\$ 98	16.4
Revolving Loan Fishery Fund Receivable	1,073	1,085	(12)	(1.1)
Accounts Receivable Other- Net	4	8	(4)	(50.0)
	<u>\$ 1,772</u>	<u>\$ 1,690</u>	<u>\$ 82</u>	<u>4.9</u>

Total restricted assets increased by approximately \$0.1 million or 4.9% primarily due to the increase in cash and cash equivalents. The primary reason for this increase was associated with the positive net cash flow in the current fiscal year of the Harbor Dredging and Pier Maintenance Fund. Total assets associated with the Revolving Loan Fishery Fund had a composite valuation of approximately \$1.2 million at June 30, 2017 and 2016. There were 27 individual loans outstanding at June 30, 2017 and 2016.

**Comparison of 2016 to 2015**

**Changes in Restricted Assets**

(\$ in Thousands)

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Cash and Cash Equivalents	\$ 597	\$ 875	\$ (278)	(31.8)
Revolving Loan Fishery Fund Receivable	1,085	781	304	38.9
Accounts Receivable Other- Net	8	206	(198)	(96.1)
	<u>\$ 1,690</u>	<u>\$ 1,862</u>	<u>\$ (172)</u>	<u>(9.2)</u>

Total restricted assets decreased by approximately 9.2% during the current fiscal year primarily due to the decrease in accounts receivable balances due from the State of New Hampshire, and the \$0.3 million decrease in cash and cash equivalents related to increased loan activity within the Revolving Loan Fishery Fund. Total assets associated with the Revolving Loan Fishery Fund had a composite valuation of approximately \$1.2 million at June 30, 2016 and 2015. There were 27 individual loans outstanding at June 30, 2016 versus 24 at June 30, 2015.

**PEASE DEVELOPMENT AUTHORITY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS (UNAUDITED) (CONTINUED)**

**Capital Assets**

PDA independently develops and maintains the Tradeport. Through the Division of Ports and Harbors (PDA-DPH), PDA maintains and develops New Hampshire's ports, harbors, and navigable tidal rivers. Capital expenditures typically extend the useful life of an asset and can be financed through internal funds, grant related funding or access to the capital markets.

**Comparison of 2017 to 2016**

**Changes in Capital Assets**  
(\$ in Thousands)

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Land	\$ 7,521	\$ 7,521	\$ -	-
Facilities Improvements	141,327	139,271	2,056	1.5
Equipment	13,919	13,696	223	1.6
Construction in Process	1,304	534	770	144.2
Gross Capital Assets	<u>164,071</u>	<u>161,022</u>	<u>3,049</u>	<u>1.9</u>
Accumulated Depreciation	<u>(98,400)</u>	<u>(92,434)</u>	<u>5,966</u>	<u>6.5</u>
Total Capital Assets	<u>\$ 65,671</u>	<u>\$ 68,588</u>	<u>\$ (2,917)</u>	<u>(4.3)</u>

PDA's capital acquisitions totaled approximately \$3.1 million in the current year primarily in support of either federal or state funded projects. The more significant capital projects included runway reconstruction activities at PSM and DAW. Additional funds were expended in support of various infrastructure improvements at PSM and the Pease Tradeport. Approximately \$2.4 million of the total capital expenditures were associated with either federal or state funded projects.

**Comparison of 2016 to 2015**

**Changes in Capital Assets**  
(\$ in Thousands)

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Land	\$ 7,521	\$ 7,521	\$ -	-
Facilities Improvements	139,271	128,142	11,129	8.7
Equipment	13,696	13,287	409	3.1
Construction in Process	534	10,606	(10,072)	(95.0)
Gross Capital Assets	<u>161,022</u>	<u>159,556</u>	<u>1,466</u>	<u>0.9</u>
Accumulated Depreciation	<u>(92,434)</u>	<u>(86,324)</u>	<u>6,110</u>	<u>7.1</u>
Total Capital Assets	<u>\$ 68,588</u>	<u>\$ 73,232</u>	<u>\$ (4,644)</u>	<u>(6.3)</u>



**PEASE DEVELOPMENT AUTHORITY**  
**(A Component of the State of New Hampshire)**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS (UNAUDITED) (CONTINUED)

**Capital Assets** *(concluded)*

PDA's capital acquisitions totaled approximately \$1.5 million in the current year primarily in support of either federal or state funded projects. The more significant capital projects included runway reconstruction activities at PSM and DAW. Additional funds were expended in support of various infrastructure improvements at the Pease Golf Clubhouse. Approximately \$1.0 million of the total capital expenditures were associated with either federal or state funded projects.

**Long-Term Liabilities**

Monies have been borrowed, on a short-term basis, for capital improvements from local financial and municipal institutions.

**Comparison of 2017 to 2016**

**Changes in Long-Term Liabilities**  
(\$ in Thousands)

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Pension Liability	\$ 5,490	\$ 4,256	\$ 1,234	29.0
Due to City of Portsmouth - Waste Water Treatment Facility	233	349	(116)	(33.2)
Compensated Absences	105	109	(4)	(3.7)
<b>Total Long-Term Liabilities</b>	<u>\$ 5,828</u>	<u>\$ 4,714</u>	<u>\$ 1,114</u>	<u>23.6</u>

The PDA increased its total noncurrent liabilities outstanding during the fiscal year by approximately \$1.1 million or 23.6%. The more significant increase was associated with the change in the net pension liability, which reflected the overall investment performance which was less than the targeted performance benchmark. During the fiscal year, a total of \$0.1 million of total long-term debt was retired as associated with the PDA's outstanding obligation to the City of Portsmouth. At the end of the 2017 fiscal year, PDA's overall cost of capital was 4.5%.

**Comparison of 2016 to 2015**

**Changes in Long-Term Liabilities**  
(\$ in Thousands)

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Pension Liability	\$ 4,256	\$ 3,687	\$ 569	15.4
Due to City of Portsmouth - Waste Water Treatment Facility	349	465	(116)	(24.9)
Compensated Absences	109	111	(2)	(1.8)
<b>Total Long-Term Liabilities</b>	<u>\$ 4,714</u>	<u>\$ 4,263</u>	<u>\$ 451</u>	<u>10.6</u>

**PEASE DEVELOPMENT AUTHORITY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION**  
**AND RESULTS OF OPERATIONS (UNAUDITED) (CONTINUED)**

**Long-Term Liabilities** *(concluded)*

The PDA increased its total noncurrent liabilities outstanding during the fiscal year by approximately \$0.5 million or 10.6%. The more significant increase was associated with the change in the net pension liability, which reflected PDA's increase of its proportionate share obligation. During the fiscal year, a total of \$0.1 million of total long-term debt was retired while the \$5.0 million Revolving Line of Credit Facility was repaid in full. At the end of the 2016 fiscal year, PDA's overall cost of capital was approximately 4.5%.

**Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of debt and adding back any unspent proceeds.

**Comparison of 2017 to 2016**

**Statements of Net Position**  
(\$ in Thousands)

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>\$ Increase</u> <u>(Decrease)</u>	<u>% Increase</u> <u>(Decrease)</u>
Current Assets	\$ 5,892	\$ 2,769	\$ 3,123	112.8
Restricted Assets	1,772	1,690	82	4.9
Capital Assets	<u>65,671</u>	<u>68,588</u>	<u>(2,917)</u>	<u>(4.3)</u>
Total Assets	73,335	73,047	288	0.4
Deferred Outflows of Resources	<u>1,722</u>	<u>776</u>	<u>946</u>	<u>121.9</u>
Current Liabilities	3,420	2,847	573	20.1
Noncurrent Liabilities	<u>5,828</u>	<u>4,714</u>	<u>1,114</u>	<u>23.6</u>
Total Liabilities	9,248	7,561	1,687	22.3
Deferred Inflows of Resources	<u>209</u>	<u>207</u>	<u>2</u>	<u>1.0</u>
Net Investment in Capital Assets	64,435	67,845	(3,410)	(5.0)
Restricted Net Position	1,517	1,421	96	6.8
Unrestricted Net Position	<u>(352)</u>	<u>(3,211)</u>	<u>2,859</u>	<u>(89.0)</u>
Total Net Position	<u>\$ 65,600</u>	<u>\$ 66,055</u>	<u>\$ (455)</u>	<u>(0.7)</u>

PDA's total assets increased \$0.3 million or 0.4% primarily due to the increase in current assets, which was primarily due to the increase in cash and cash equivalents. Restricted assets are primarily represented by the Revolving Loan Fishery Fund, which had an approximate value of \$1.2 million at June 30, 2017 and 2016.



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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS (UNAUDITED) (CONTINUED)

**Net Position** (continued)

The increase in deferred outflows of resources related to the pension plan and increase in deferred inflows of resources are reflective of the overall change in PDA's net pension liability which was \$5.5 million at June 30, 2017 versus \$4.3 million at June 30, 2016.

PDA's total liabilities increased by \$1.7 million or 22.3% primarily due to the increase in PDA's net pension obligation.

PDA's net position decreased by \$0.5 million or 0.7%. This decrease is primarily due to the \$3.4 million reduction in Net Investment in Capital Assets which was partially offset by the \$2.9 million improvement in PDA's Unrestricted Net Position.

**Comparison of 2016 to 2015**

**Statements of Net Position**  
(\$ in Thousands)

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Current Assets	\$ 2,769	\$ 3,627	\$ (858)	(23.7)
Restricted Assets	1,690	1,862	(172)	(9.2)
Capital Assets	<u>68,588</u>	<u>73,232</u>	<u>(4,644)</u>	<u>(6.3)</u>
Total Assets	73,047	78,721	(5,674)	(7.2)
Deferred Outflows of Resources	<u>776</u>	<u>413</u>	<u>363</u>	<u>87.9</u>
Current Liabilities	2,847	5,860	(3,013)	(51.4)
Noncurrent Liabilities	<u>4,714</u>	<u>4,263</u>	<u>451</u>	<u>10.6</u>
Total Liabilities	7,561	10,123	(2,562)	(25.3)
Deferred Inflows of Resources	<u>207</u>	<u>472</u>	<u>(265)</u>	<u>(56.1)</u>
Net Investment in Capital Assets	67,845	72,041	(4,196)	(5.8)
Restricted Net Position	1,421	1,590	(169)	(10.6)
Unrestricted Net Position	<u>(3,211)</u>	<u>(5,092)</u>	<u>1,881</u>	<u>(36.9)</u>
Total Net Position	<u>\$ 66,055</u>	<u>\$ 68,539</u>	<u>\$ (2,484)</u>	<u>(3.6)</u>

PDA's total assets decreased \$5.7 million or 7.2% primarily due to depreciation expense being greater than capital asset expenditures. The decrease in current assets was primarily due to reductions in grant related accounts receivable balances. Restricted assets are primarily represented by the Revolving Loan Fishery Fund, which had an approximate value of \$1.2 million at June 30, 2016 and \$1.1 million at June 30, 2015.

**PEASE DEVELOPMENT AUTHORITY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION**  
**AND RESULTS OF OPERATIONS (UNAUDITED) (CONTINUED)**

**Net Position** (concluded)

The increase in deferred outflows of resources related to the pension plan and decrease in deferred inflows of resources are reflective of the overall change in PDA's net pension liability.

PDA's total liabilities decreased by \$2.6 million or 25.3% primarily due to the \$2.8 million repayment of the Revolving Line of Credit. This decrease was offset by the \$0.6 million increase in PDA's net pension obligation.

PDA's net position decreased by \$2.5 million or 3.6%. This decrease is primarily due to the \$4.2 million reduction in Net Investment in Capital Assets.

**Change in Net Position**

PDA charges various types of fees for the rental or usage of its land and facilities.

**Comparison of 2017 to 2016**

**Statements of Changes in Net Position**  
(\$ in Thousands)

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>\$ Increase</u> <u>(Decrease)</u>	<u>% Increase</u> <u>(Decrease)</u>
<b>Operating Revenues</b>				
Rental of Facilities	\$ 9,588	\$ 9,488	\$ 100	1.1
Fee Revenues	3,040	2,942	98	3.3
Fuel Sales	684	766	(82)	(10.7)
Concession and Other Miscellaneous	1,156	963	193	20.0
Total Operating Revenues	<u>14,468</u>	<u>14,159</u>	<u>309</u>	<u>2.2</u>
<b>Operating Expenses</b>				
Personnel Services and Benefits	6,894	6,631	263	4.0
Depreciation	5,965	6,111	(146)	(2.4)
Building and Facilities Maintenance	1,379	1,512	(133)	(8.8)
General and Administrative	729	750	(21)	(2.8)
Other	2,333	2,273	60	2.6
Total Operating Expenses	<u>17,300</u>	<u>17,277</u>	<u>23</u>	<u>0.1</u>
Operating Loss	<u>(2,832)</u>	<u>(3,118)</u>	<u>286</u>	<u>9.2</u>
<b>Nonoperating Income (Expense)</b>				
Interest Expense	(18)	(39)	21	(53.8)
Interest Income	7	3	4	133.3
Total Nonoperating Income (Expense)	<u>(11)</u>	<u>(36)</u>	<u>25</u>	<u>(69.4)</u>
Loss Before Contributed Capital	<u>(2,843)</u>	<u>(3,154)</u>	<u>311</u>	<u>9.9</u>
Contributed Capital	<u>2,388</u>	<u>671</u>	<u>1,717</u>	<u>255.9</u>
Change in Net Position	<u>\$ (455)</u>	<u>\$ (2,483)</u>	<u>\$ 2,028</u>	<u>81.7</u>

Total operating revenues increased by \$0.3 million or 2.2% primarily due to increases in rental of facilities as well as increases in concession revenues primarily associated with Grill 28 restaurant operations. Offsetting these increases were lower fuel sales at the PDA-DPH due to a continued restrictive regulatory environment for the commercial fishing industry.



**PEASE DEVELOPMENT AUTHORITY**  
**(A Component of the State of New Hampshire)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION**  
**AND RESULTS OF OPERATIONS (UNAUDITED) (CONTINUED)**

**Change in Net Position** (continued)

Total operating expenses increased by approximately \$23 thousand primarily due to the increase in current year pension expenses which were offset by reductions in certain operating expenses including payroll, utilities and the cost of fuel for resale at both PDA-DPH and DAW.

Net non-operating expense decreased by approximately \$25 thousand due to reduction in interest expenses reflective of PDA's ability to internally fund capital project related activities.

The increase in contributed capital of \$1.7 million reflects increased grant related construction projects at PSM and DAW. During the year ended June 30, 2017, a total of \$3.1 million was spent on the purchase of capital assets of which approximately \$2.4 million were either grant funded or supported by the State for purposes of PDA-DPH.

**Comparison of 2016 to 2015**

**Statements of Changes in Net Position**  
(\$ in Thousands)

	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>	<u>\$ Increase</u> <u>(Decrease)</u>	<u>% Increase</u> <u>(Decrease)</u>
<b>Operating Revenues</b>				
Rental of Facilities	\$ 9,488	\$ 9,168	\$ 320	3.5
Fee Revenues	2,942	2,981	(39)	(1.3)
Fuel Sales	766	904	(138)	(15.3)
Concession and Other Miscellaneous	963	849	114	13.4
Total Operating Revenues	<u>14,159</u>	<u>13,902</u>	<u>257</u>	<u>1.8</u>
<b>Operating Expenses</b>				
Personnel Services and Benefits	6,631	6,556	75	1.1
Depreciation	6,111	6,222	(111)	(1.8)
Building and Facilities Maintenance	1,512	1,414	98	6.9
General and Administrative	750	777	(27)	(3.5)
Other	2,273	2,593	(320)	(12.3)
Total Operating Expenses	<u>17,277</u>	<u>17,562</u>	<u>(285)</u>	<u>(1.6)</u>
Operating Loss	<u>(3,118)</u>	<u>(3,660)</u>	<u>542</u>	<u>14.8</u>
<b>Nonoperating Income (Expense)</b>				
Interest Expense	(39)	(128)	89	(69.5)
Interest Income	3	3	-	-
Gain on Insurance Proceeds	-	220	(220)	(100.0)
Gain on Sale of Capital Assets	-	1	(1)	(100.0)
Total Nonoperating Income (Expense)	<u>(36)</u>	<u>96</u>	<u>(132)</u>	<u>137.5</u>
Loss Before Contributed Capital	<u>(3,154)</u>	<u>(3,564)</u>	<u>410</u>	<u>11.5</u>
Contributed Capital	<u>671</u>	<u>5,096</u>	<u>(4,425)</u>	<u>(86.8)</u>
Change in Net Position	<u>\$ (2,483)</u>	<u>\$ 1,532</u>	<u>\$ (4,015)</u>	<u>262.1</u>

Total operating revenues increased by \$0.3 million or 1.8% primarily due to increases in rental of facilities of 3.5%. To a lesser extent, increases were realized in concession revenues primarily associated with Grill 28 restaurant operations. Offsetting these increases were lower fuel sales at the

**PEASE DEVELOPMENT AUTHORITY  
(A Component of the State of New Hampshire)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS (UNAUDITED) (CONTINUED)**

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PDA-DPH due to a continued restrictive regulatory environment for the commercial fishing industry.



**PEASE DEVELOPMENT AUTHORITY  
(A Component of the State of New Hampshire)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS (UNAUDITED) (CONCLUDED)**

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***Change in Net Position*** (concluded)

Total operating expenses decreased by \$0.3 million or 1.6% primarily due to a reduction in utilities, professional services and the cost of fuel for resale at the PDA-DPH. These decreases were offset by an increase in personnel services and benefits, which reflects escalation in salaries and fringe benefit costs.

Net non-operating expense increased by \$0.1 million due to a one-time gain on insurance proceeds realized in the prior year.

The decrease in contributed capital of \$4.4 million reflects reduced grant related construction projects at PSM and DAW. During the year ended June 30, 2016, a total of \$1.5 million was spent on the purchase of capital assets of which approximately \$1.0 million were either grant funded or supported by the State for purposes of the PDA-DPH.

***Contacting the PDA's Leadership Team***

This financial report is designed to provide a general overview of PDA's finances and to demonstrate PDA's accountability for the grants that it receives. If you have questions about this report or need additional financial information, please contact David Mullen, Executive Director, at 55 International Drive Portsmouth, NH 03801 via email at [d.mullen@peasedev.org](mailto:d.mullen@peasedev.org) or by telephone at 603.433.6088. Visit the PDA website at: [www.peasedev.org](http://www.peasedev.org).

Other members of the PDA's Leadership Team include:

Paul Brean  
Airport Director

Irv Canner, C.P.A.  
Director of Finance

Scott DeVito  
Golf Course General Manager

Lynn Hinchee  
Deputy Director and General Counsel

Captain Geno Marconi  
Director- Division of Ports and Harbors

Maria Stowell, P.E.  
Engineering Manager

**PEASE DEVELOPMENT AUTHORITY**  
**(A Component of the State of New Hampshire)**  
**STATEMENTS OF NET POSITION**  
**June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 4,031,701	\$ 1,713,347
Accounts Receivable - Net	1,323,695	588,746
Other Current Assets	536,497	467,232
Total Current Assets	<u>5,891,893</u>	<u>2,769,325</u>
Restricted Assets:		
Cash and Cash Equivalents	695,402	597,140
Accounts Receivable - Net	1,076,505	1,092,715
Total Restricted Assets	<u>1,771,907</u>	<u>1,689,855</u>
Capital Assets	65,671,476	68,588,287
<b>Total Assets</b>	<b><u>73,335,276</u></b>	<b><u>73,047,467</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	<u>1,722,215</u>	<u>776,349</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	1,717,296	1,855,440
Accounts Payable for Capital Assets	887,864	278,486
Unearned Revenues	698,798	597,019
Current Portion of Long-Term Liabilities	116,290	116,290
Total Current Liabilities	<u>3,420,248</u>	<u>2,847,235</u>
Noncurrent Liabilities:		
Net Pension Liability	5,489,977	4,255,991
Other Noncurrent Liabilities	338,052	458,009
Total Noncurrent Liabilities	<u>5,828,029</u>	<u>4,714,000</u>
<b>Total Liabilities</b>	<b><u>9,248,277</u></b>	<b><u>7,561,235</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	<u>209,138</u>	<u>207,139</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	64,434,742	67,844,642
Restricted For:		
Revolving Loan Fishery Fund	1,182,758	1,159,304
Harbor Dredging and Pier Maintenance	288,229	211,815
Foreign Trade Zone	46,634	50,557
Unrestricted	(352,287)	(3,210,876)
<b>Total Net Position</b>	<b><u>\$ 65,600,076</u></b>	<b><u>\$ 66,055,442</u></b>

*See accompanying notes to financial statements.*



**PEASE DEVELOPMENT AUTHORITY**  
**(A Component of the State of New Hampshire)**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Operating Revenues</b>		
Rental of Facilities	\$ 9,588,439	\$ 9,487,497
Fee Revenues:		
Golf Course Operations	1,886,729	1,869,207
Mooring, Dockage, Pier Usage and Boat Registrations	1,027,021	955,138
All Other	126,555	117,402
	<u>3,040,305</u>	<u>2,941,747</u>
Fuel Sales	683,809	765,841
Concession and Other Miscellaneous	1,155,529	963,439
Total Operating Revenues	<u>14,468,082</u>	<u>14,158,524</u>
<b>Operating Expenses</b>		
Personnel Services and Benefits	6,894,226	6,631,406
Depreciation	5,965,138	6,110,575
Building and Facilities Maintenance	1,378,872	1,511,832
Utilities	746,627	887,474
General and Administrative	728,596	750,054
Professional Services	701,272	444,272
All Other	885,398	940,721
Total Operating Expenses	<u>17,300,129</u>	<u>17,276,334</u>
<b>Operating Loss</b>	<u>(2,832,047)</u>	<u>(3,117,810)</u>
<b>Nonoperating Income (Expense)</b>		
Interest Income	6,896	3,343
Interest Expense	(18,373)	(39,406)
Total Nonoperating Income (Expense)	<u>(11,477)</u>	<u>(36,063)</u>
Loss Before Contributed Capital	(2,843,524)	(3,153,873)
Contributed Capital	2,388,158	671,128
Change in Net Position	(455,366)	(2,482,745)
Net Position at Beginning of Year	66,055,442	68,538,187
<b>Net Position at End of Year</b>	<u>\$ 65,600,076</u>	<u>\$ 66,055,442</u>

*See accompanying notes to financial statements.*

**PEASE DEVELOPMENT AUTHORITY**  
**(A Component of the State of New Hampshire)**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Cash Received from Customers	\$ 14,638,122	\$ 15,555,389
Cash Payments to Personnel for Services and Benefits	(6,604,107)	(6,444,784)
Cash Payments to Suppliers of Goods and Services	(4,651,842)	(4,889,680)
Net Cash Provided by Operating Activities	<u>3,382,173</u>	<u>4,220,925</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Net Repayments on the Provident Bank Revolving Line of Credit Facility	-	(2,750,000)
Interest Paid on the Provident Bank Line of Credit Facility	-	(15,780)
Net Cash Used by Noncapital Financing Activities	<u>-</u>	<u>(2,765,780)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Contributed Capital received	1,601,158	671,128
Purchase of Capital Assets	(2,438,949)	(1,811,512)
Interest Paid on Capital Debt	(18,373)	(23,626)
Repayment of Long-Term Liabilities	(116,289)	(116,289)
Net Cash Used by Capital and Related Financing Activities	<u>(972,453)</u>	<u>(1,280,299)</u>
<b>Cash Flows From Investing Activities</b>		
Interest Income Received	6,896	3,343
Increase in Cash and Cash Equivalents	2,416,616	178,189
Cash and Cash Equivalents - Beginning of Year	<u>2,310,487</u>	<u>2,132,298</u>
<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 4,727,103</u></b>	<b><u>\$ 2,310,487</u></b>

*See accompanying notes to financial statements.*



**PEASE DEVELOPMENT AUTHORITY**  
**(A Component of the State of New Hampshire)**  
**STATEMENTS OF CASH FLOWS (CONCLUDED)**  
**For the Years Ended June 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>		
<b>Operating Loss</b>	\$ (2,832,047)	\$ (3,117,810)
<b>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities</b>		
Depreciation	5,965,138	6,110,575
Change in Allowance for Doubtful Accounts	(2,000)	(20,000)
All Other	(3,668)	(1,222)
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Accounts Receivable	70,261	1,224,324
Other Assets	(69,265)	3,808
Deferred Outflows of Resources - Pension	(945,866)	(363,512)
Accounts Payable and Accrued Expenses	(138,144)	31,302
Unearned Revenues	101,779	49,258
Net Pension Liability	1,233,986	568,837
Deferred Inflows of Resources - Pension	1,999	(264,635)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 3,382,173</b>	<b>\$ 4,220,925</b>
<b>Reconciliation of Noncash Activity:</b>		
Acquisition of Capital Assets	\$ 3,057,777	\$ 1,480,827
Less: Accounts Payable and Accrued Expenses as of Year-end	(887,864)	(278,486)
Transfer of Capitalized Project to Expense	(9,450)	-
Add: Payments on Short-Term Trade Accounts to Finance Acquisitions of Capital Assets	278,486	609,171
Payments for the Acquisition of Capital Assets	<b>\$ 2,438,949</b>	<b>\$ 1,811,512</b>
Contributed Capital income	\$ 2,388,158	\$ 671,128
Less: Accounts Receivable as of Year-end	(787,000)	-
Contributed Capital received	<b>\$ 1,601,158</b>	<b>\$ 671,128</b>

*See accompanying notes to financial statements.*

**PEASE DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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**1. Reporting Entity**

The Pease Development Authority ("PDA"), a component unit of the State of New Hampshire (the "State") is the successor entity to the Pease Redevelopment Commission ("PRC"). The PRC was created on March 21, 1989 by an act of the General Court of the State. The mandate of the PRC was to prepare a comprehensive plan for the conversion and redevelopment of Pease Air Force Base. The guiding principles of the plan were job creation, fiscal viability, economic development, and environmental quality.

Effective June 1, 1990, the PRC was dissolved and PDA was established as its successor with the goals of converting and redeveloping the Pease International Tradeport ("Tradeport"). PDA is a component unit of the State and is discretely presented in the Comprehensive Annual Financial Report of the State.

PDA is a body corporate and politic with a governing body of seven members. The Governor and State legislative leadership appoint four members and the City of Portsmouth ("COP") and the Town of Newington appoint three members.

Pursuant to Chapter 290, Laws of 2001, the New Hampshire State Port Authority ("Port"), a former agency of the primary State government, was transferred to PDA effective July 1, 2001. In doing so, the State authorized the transfer of functions, powers and duties of the Port to PDA, acting through the Division of Ports and Harbors ("PDA-DPH"). The PDA-DPH is charged with the responsibility to: 1) plan for the maintenance and development of the ports, harbors and navigable tidal rivers of the State; 2) foster and stimulate commerce and the shipment of freight; 3) aid in the development of salt water fisheries and associated industries; 4) cooperate with any federal agencies or departments in planning the maintenance, development, and use of the State ports, harbors, and navigable tidal rivers; and 5) plan, develop, maintain, use and operate land transportation facilities within a 15 mile radius of the PDA-DPH headquarters in Portsmouth, New Hampshire.

As a result of the transfer of the Port to PDA, the Harbor Dredging and Pier Maintenance Fund was transferred to PDA. This fund was set up for the purposes of initiating and implementing harbor dredging projects and maintaining public piers. On July 1, 2001, also as a result of the transfer of the Port to the PDA, the Revolving Loan Fishery Fund was transferred to the PDA. The Revolving Loan Fishery Fund was established in July 1994 by the Port through a Federal Economic Development Administration grant in the amount of \$810,000. The grant funds and related interest earned thereon provide a revolving loan fund to offer direct assistance to the fishing industry and to aid in the creation of economic opportunities within the industry.

Pursuant to Chapter 356, Laws of 2008, House Bill 65 was enacted by the State Legislature on July 11, 2008. The bill: 1) provides that service of non-classified employees of PDA shall be credited as continuous State service for all purposes; 2) makes PDA fund a nonlapsing fund for the benefit of PDA-DPH; 3) requires a biennial report of the PDA-DPH; and 4) repeals provisions relative to coordination with the Department of Resources and Economic Development, reports on economic development programs and the Harbor Management Fund.

**PEASE DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2017 and 2016**

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**1. Reporting Entity (concluded)**

On May 12, 2008, the State, through House Bill 1168-FN-LOCAL, passed legislation that required the New Hampshire Department of Transportation ("NHDOT") to negotiate a lease, which became effective November 1, 2008, with PDA for the operation of Skyhaven Airport ("DAW") located in Rochester, New Hampshire. With the passage of Chapter 113, Laws of 2009, enacted on June 22, 2009, the NHDOT was directed to convey ownership of DAW to PDA. The law required that PDA accept ownership of, manage and operate DAW, and act as the official Airport owner, operator, and sponsor. PDA accepted this transfer of ownership, from and after July 1, 2009 with no liability relative to any regulatory matters or causes of action arising prior to November 1, 2008.

**2. Summary of Significant Accounting Policies**

Basis of Accounting

The accompanying financial statements of PDA were prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") and as prescribed by the Governmental Accounting Standards Board ("GASB"), which is the primary standard-setting body for establishing governmental accounting and financial reporting principles. PDA uses enterprise fund reporting, which uses the economic resources measurement focus and the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents, for purposes of the Statements of Cash Flows, include cash which is either held in demand deposit or short-term money market accounts, and highly liquid savings deposits and investments with original maturities less than three months from the date acquired.

PDA maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. PDA has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable are carried at cost, less an allowance for doubtful accounts. Receivable balances also include outstanding loans from the Revolving Loan Fishery Fund, including principal plus accrued interest. Management provides an allowance for doubtful accounts based on an analysis of accounts that are delinquent based on payment terms. Accounts are written off when deemed uncollectible.

Capital Assets

Land, equipment, and buildings and facilities improvements are stated at cost. Depreciation is computed using a straight-line method over the estimated useful lives of the assets, which is principally five to thirty-five years. Capital asset acquisitions that equal or exceed \$5,000 are capitalized. The cost of maintenance and repairs is charged against income as incurred, while significant renewals and betterments are capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Capital Asset</u>	<u>Years</u>
Buildings	35
Facilities Improvements	20
Equipment	5



**PEASE DEVELOPMENT AUTHORITY  
(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2017 and 2016**

---

**2. Summary of Significant Accounting Policies (continued)**

Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is an estimated amount based on the amount accumulated at the balance sheet date that would be paid upon retirement. The liability for sick leave is reflected within noncurrent liabilities while vacation leave is included in accounts payable and accrued expenses. The calculation is based on the salary rates in effect as of the date of the statements of net position.

Unearned Revenues

Unearned revenues include advance greens fees for the golf course, which are based upon a percentage allocation of the total days the course expects to operate. In addition, unearned revenues are recorded for mooring permits for the harbors and tidal waters and are based on the expiration date of the permit. Rental income received in advance is also classified as unearned revenues.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System ("NHRS") and additions to/deductions from the NHRS's fiduciary net position have been determined on the same basis as they are reported by the NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position is presented in the following categories:

- *Net investment in capital assets* represents capital assets, net of long and short-term debt that relates to the purchase of those assets.
- *Restricted for specific purpose* represents amounts that are expendable but whose use is subject to an externally imposed restriction.
- *Unrestricted* represents the remaining balance of net position after the above net position categories have been determined.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. PDA's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

**PEASE DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2017 and 2016**

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**2. Summary of Significant Accounting Policies (concluded)**

Revenue Recognition

Income from rental of facilities is recognized over the term of the lease net of provisions for uncollectible accounts. Various other revenues are recorded when earned which is generally when the related services are performed.

Operating and Nonoperating Income and Expenses

PDA distinguishes between operating revenues and expenses from nonoperating items in the preparation of its financial statements. PDA's principal operating revenues result from charges to tenants for the lease or license of property, providing services, and delivering goods.

Operating expenses for PDA include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating income and expenses.

Contributed Capital and Grants

Federal grants, received on a reimbursement basis, are recorded as contributed capital when the related expenditures are capital related. Non-capital related grants are recognized as grant revenue on the statements of revenues, expenses and changes in net position as other miscellaneous revenues.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**3. Cash and Cash Equivalents**

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, PDA's deposits may not be returned to it. State Statute RSA 12-G: 8 (XIII) empowers PDA to invest and reinvest its funds and take and hold property as security for the payment of funds so invested. PDA's investment policy is more restrictive than applicable New Hampshire law in that it restricts investments to the following: New Hampshire public deposit investment pool, federal agency securities, repurchase agreements, commercial paper, money market funds, and certificates of deposit. PDA's policy does not explicitly address custodial credit risk.

As of June 30, 2017 and 2016, substantially all of PDA's cash and equivalents were insured by the Federal Deposit Insurance Corporation and the Depositors Insurance Fund. At June 30, 2017, there were no uncollateralized funds. At June 30, 2016, cash and cash equivalents of \$30,706 were collateralized by a Stand-by Letter of Credit at the Federal Home Loan Bank of Cleveland Pittsburgh Branch.

**PEASE DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2017 and 2016**

**4. Current Accounts Receivable - Net**

Current accounts receivable - net was represented by the following at June 30:

	<b>2017</b>	<b>2016</b>
Intergovernmental	\$ 787,000	\$ 66,138
Tenants	541,695	529,608
Allowance for Doubtful Accounts	(5,000)	(7,000)
	<b>\$ 1,323,695</b>	<b>\$ 588,746</b>

**5. Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents was represented by the following at June 30:

	<b>2017</b>	<b>2016</b>
Harbor Dredging and Pier Maintenance	\$ 537,469	\$ 473,958
Revolving Loan Fishery Fund	111,299	77,625
Foreign Trade Zone	46,634	45,557
	<b>\$ 695,402</b>	<b>\$ 597,140</b>

**6. Restricted Accounts Receivable - Net**

Restricted accounts receivable was represented by the following at June 30:

	<b>2017</b>	<b>2016</b>
Revolving Loan Fishery Fund		
Due Within One Year	\$ 131,618	\$ 130,940
Due in More Than One Year	941,271	953,863
Tenants	3,616	7,912
	<b>\$ 1,076,505</b>	<b>\$ 1,092,715</b>



**PEASE DEVELOPMENT AUTHORITY**  
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2017 and 2016**

**7. Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<i>Balance July 1, 2016</i>	<i>Additions</i>	<i>Disposals</i>	<i>Transfers</i>	<i>Balance June 30, 2017</i>
Land	\$ 7,520,786	\$ -	\$ -	\$ -	\$ 7,520,786
Buildings and Facilities Improvements	139,271,835	-	-	2,055,535	141,327,370
Equipment	13,695,931	-	-	223,096	13,919,027
Construction in Process	<u>534,076</u>	<u>3,057,777</u>	<u>-</u>	<u>(2,288,081)</u>	<u>1,303,772</u>
	161,022,628	3,057,777	-	(9,450)	164,070,955
Less Accumulated Depreciation	(92,434,341)	(5,965,138)	-	-	(98,399,479)
<b>Total Capital Assets</b>	<b>\$ 68,588,287</b>	<b>\$ (2,907,361)</b>	<b>\$ -</b>	<b>\$ (9,450)</b>	<b>\$ 65,671,476</b>

Capital asset activity for the year ended June 30, 2016 was as follows:

	<i>Balance July 1, 2015</i>	<i>Additions</i>	<i>Disposals</i>	<i>Transfers</i>	<i>Balance June 30, 2016</i>
Land	\$ 7,520,786	\$ -	\$ -	\$ -	\$ 7,520,786
Buildings and Facilities Improvements	128,141,885	-	-	11,129,950	139,271,835
Equipment	13,286,576	-	-	409,355	13,695,931
Construction in Process	<u>10,606,490</u>	<u>1,480,827</u>	<u>-</u>	<u>(11,553,241)</u>	<u>534,076</u>
	159,555,737	1,480,827	-	(13,936)	161,022,628
Less Accumulated Depreciation	(86,323,766)	(6,110,575)	-	-	(92,434,341)
<b>Total Capital Assets</b>	<b>\$ 73,231,971</b>	<b>\$ (4,629,748)</b>	<b>\$ -</b>	<b>\$ (13,936)</b>	<b>\$ 68,588,287</b>

**PEASE DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2017 and 2016**

**8. Unearned Revenues**

Unearned revenues (which are recognized when cash, receivables or other assets are recorded prior to their being earned) consisted of the following at June 30:

	<b>2017</b>	<b>2016</b>
Mooring Permits	\$ 248,113	\$ 238,520
Golf Course Membership Fees	217,613	209,405
All Other	233,072	149,094
	<b>\$ 698,798</b>	<b>\$ 597,019</b>

Mooring permits and golf course membership fees are collected primarily during the months of January through March and amortized ratably over the corresponding seasons.

**9. Revolving Line of Credit Facility**

PDA currently has a \$5,000,000 unsecured Revolving Line of Credit Facility ("RLOC") secured through The Provident Bank, which matures December 31, 2017. The terms of the RLOC provide that a) the loan shall bear interest at a per annum rate equal to the thirty (30) day Federal Home Loan Bank (Boston) plus 250 basis points; and b) PDA shall maintain various covenants that are to be reported on periodically. As of June 30, 2017 and 2016, the interest rate was 3.72% and 3.11%, respectively. The proceeds of any draw on the RLOC are to be used for general working capital purposes of PDA. The following table reflects a complete reconciliation of the RLOC for the years ended June 30:

	<b>2017</b>	<b>2016</b>
Amount Outstanding at Beginning of Year	\$ -	\$ 2,750,000
Drawdowns		1,000,000
Repayments		(3,750,000)
Amount Outstanding at End of Year	\$ -	\$ -

**10. Due to City of Portsmouth – Waste Water Treatment Facility**

In December 2000, the State Water Pollution Control Revolving Fund program's debt outstanding of \$6,444,630 was assigned to COP. A supplemental loan agreement was entered into between the State Water Pollution Control Revolving Fund program and COP in order to finance the construction of the wastewater treatment plant upgrade. In conjunction with the assignment of the debt to COP, a similar portion of the leasehold improvement for the wastewater treatment facility was also transferred to COP. PDA agreed to pay an amount totaling \$2,307,064 to COP. Annual payments plus interest at 4.50% are payable through 2020. Amounts totaling \$348,870 and \$465,159 were outstanding at June 30, 2017 and 2016, respectively. Debt service requirements at June 30, 2017 are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 116,290	\$ 15,573	\$ 131,863
2019	116,290	10,382	126,672
2020	116,290	5,192	121,482
	<b>\$ 348,870</b>	<b>\$ 31,147</b>	<b>\$ 380,017</b>

**PEASE DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2017 and 2016**

**11. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<i>Balance July 1, 2016</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30, 2017</i>	<i>Due in One Year</i>
Net Pension Liability	\$ 4,255,991	\$ 1,233,986	\$ -	\$ 5,489,977	\$ -
City of Portsmouth - Waste Water Treatment Facility	465,159	-	(116,289)	348,870	116,290
Compensated Absences- Net	109,140	-	(3,668)	105,472	-
	<b>\$ 4,830,290</b>	<b>\$ 1,233,986</b>	<b>\$ (119,957)</b>	<b>\$ 5,944,319</b>	<b>\$ 116,290</b>

Long-term liability activity for the year ended June 30, 2016 was as follows:

	<i>Balance July 1, 2015</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30, 2016</i>	<i>Due in One Year</i>
Net Pension Liability	\$ 3,687,154	\$ 568,837	\$ -	\$ 4,255,991	\$ -
City of Portsmouth - Waste Water Treatment Facility	581,448	-	(116,289)	465,159	116,290
Compensated Absences- Net	111,244	-	(2,104)	109,140	-
Advance from Tenant	13,054	-	(13,054)	-	-
	<b>\$ 4,392,900</b>	<b>\$ 568,837</b>	<b>\$ (131,447)</b>	<b>\$ 4,830,290</b>	<b>\$ 116,290</b>



**PEASE DEVELOPMENT AUTHORITY**  
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2017 and 2016**

**12. Rental of Facilities**

PDA has leasing arrangements with various parties for the rental of land, buildings, and airplane hangars. Rentals are generally based upon set rental fees with additional payments based upon gallons of fuel sold or dispensed, ramp parking fees per aircraft, and concession fees based upon a stated percentage of car rentals. Lease arrangements are primarily for periods ranging from one to forty-nine years. These leases meet the criteria for classification as operating leases. PDA-DPH has leases, licenses, and other arrangements with various parties for the use of land, warehouse, and storage facilities.

At June 30, 2017, the projected minimum future revenue from noncancelable rental agreements is approximately:

<i>Year</i>	<i>Amount</i>
2018	\$ 9,136,000
2019	8,284,000
2020	8,135,000
2021	7,727,000
2022	6,967,000
Thereafter	77,298,000
	\$ 117,547,000

**13. Municipal Service Fees**

Effective July 1, 1998, PDA entered into an amended municipal services agreement with COP and the Town of Newington to provide various municipal services, including police, fire, and public works at the Tradeport. This agreement specifies that PDA, through its tenant's payments, shall pay COP a fee for the cost of services equal to the amount that would have been paid annually as *ad valorem* taxes excluding any school tax component in respect to such property within the Airport District. COP is responsible for service costs owed to the Town of Newington. This agreement excludes, as part of the allocated area, the space occupied by PDA and any space for public use in the PSM Terminal. The agreement includes completed facilities other than PDA's golf course or airport terminals within the Airport District operated by PDA for public or other use. This agreement shall continue to be in force until one of the parties terminates the agreement in writing.

Any tenant located outside the Airport District, unless otherwise exempt from taxation, shall pay to COP a payment in lieu of taxes in accordance with the provisions of the New Hampshire law.

**14. Airport Joint Use Agreement**

The Department of the Air Force and PDA are parties to an Airport Joint Use Agreement ("Agreement") regarding the required use of the airport facilities at the Tradeport by the New Hampshire Air National Guard as well as for other occasional government aircraft. Subject to the terms and conditions of the Agreement, the federal government has the use of the airport facilities in common with other users of the airport together with all necessary and conventional rights of ingress and egress to and from the related facilities located at the airport.

**PEASE DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2017 and 2016**

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**14. Airport Joint Use Agreement (concluded)**

The federal government is responsible for the functions detailed in the Agreement, including, but not limited to, the following: air traffic control services, aircraft fire protection and crash rescue. PDA is responsible for certain services and functions, including, but not limited to, the following: maintenance of certain facilities, utilities, and other related services in connection with maintaining an airport facility in accordance with Federal Aviation Administration requirements. The current Agreement is effective through September 30, 2018.

**15. Risk Management**

PDA is exposed to various risks of loss at the Tradeport and DAW related to torts; theft of, damage to and destruction of assets; and natural disaster for which the PDA carries insurance.

PDA has a comprehensive airport liability insurance policy that will provide coverage generally up to \$25,000,000 for each occurrence and in the aggregate in any one annual period of insurance. Other insurance coverage includes automotive, crime, employment practices, fire, general liability, pollution, theft, and workers' compensation. There have been no significant changes in insurance coverage during the past fiscal year. Settlements did not exceed coverage amounts during fiscal years 2017 and 2016.

In addition to purchasing insurance coverages, PDA maintains a risk transfer program. The PDA's agreements and leases include requirements to provide insurance coverage and coverage provisions, which include: 1) naming PDA as an additional insured; 2) naming PDA as loss payee on property coverage; 3) a waiver of subrogation; and 4) providing that such coverages be primary and non-contributing with respect to coverage PDA maintains.

**16. Defined Benefit Pension Plan**

Plan Description

PDA participates in the NHRS, which, as governed by RSA 100-A, is a cost-sharing multiple-employer contributory public employee defined benefit pension plan qualified under section 401(a) of the Internal Revenue Code ("Code") and funded through a trust, which is exempt from tax under Code section 501(a). NHRS is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. NHRS retired members receive a lifetime pension. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible to participate in NHRS. RSA 100-A specifies the benefit terms provided to the members of NHRS.

Although benefits are funded by member contributions, employer contributions and trust fund assets, NHRS computes benefits on the basis of members' Average Final Compensation ("AFC") and years of creditable service. Unlike a defined contribution plan, NHRS benefits provided to members are not dependent upon the amount of contributions paid into NHRS or the investment return on trust assets.

To qualify for a normal service retirement, members must have attained the age of 60 years old. However, a member who commenced service on or after July 1, 2011 shall not receive a service retirement allowance until attaining the age of 65. The member may receive a reduced allowance after age 60 if the member has at least 30 years of creditable service. The allowance shall be reduced based on a formula, for each month by which the date on which benefits commence precedes the month after which the member attains 65 years of age, by  $\frac{1}{4}$  of one percent.

**PEASE DEVELOPMENT AUTHORITY**  
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2017 and 2016**

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**16. Defined Benefit Pension Plan (continued)**

Plan Description (concluded)

For members retiring prior to the age of 65, the yearly pension amount is 1.67% of AFC, multiplied by years of creditable service. For members retiring at 65 or older, the yearly pension amount is 1.52% of AFC, multiplied by years of creditable service. For members vested prior to January 1, 2012, AFC is based on the highest three years of creditable service. For members not vested prior to January 1, 2012, or hired on or after July 1, 2011, AFC is based on a member's highest five years of creditable service. At age 65, the yearly pension amount is recalculated with an appropriate graduated reduction based on years and months of creditable service that the member has at the time of retirement.

Contributions Required and Made

The Retirement Plan is financed by contributions from the members, PDA, and investment earnings. Contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the Retirement Plan's actuary. By statute, the Board of Trustees of NHRS is responsible for the certification of employer and member contribution rates.

Commencing July 1, 2011, all Group I employees are responsible to accrue contributions at 7.00% while Group II (Police) employees accrue contributions at a rate of 11.55%. In terms of the employer share of contributions made to the Retirement Plan, the pension contribution rate for Group I employees was 10.86% for the two-year period ending June 30, 2017. Effective July 1, 2017, the employer share was increased to 11.08% and will remain fixed through June 30, 2019. For Group II employees, effective July 1, 2015, the contribution rate increased from 21.45% to 22.54% and remained fixed through June 30, 2017. Effective July 1, 2017, the contribution rate increased to 25.33% and will remain fixed through June 30, 2019.

For the years ended June 30, 2017 and 2016, contributions to NHRS were \$413,003 and \$417,908, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, PDA reported a liability of \$5,489,977 for its proportionate share of the net pension liability. The net pension liability is based on an actuarial valuation performed as of June 30, 2015 and a measurement date of June 30, 2016. The net pension liability was rolled forward from June 30, 2015 to June 30, 2016. PDA's proportion of the net pension liability was based on a projection of the PDA's long-term share of contributions to NHRS relative to the projected contributions of all participating employers as actuarially determined. At June 30, 2016, PDA's proportion of the net pension liability was 0.1032%.

At June 30, 2016, PDA reported a liability of \$4,255,991 for its proportionate share of the net pension liability. The net pension liability is based on an actuarial valuation performed as of June 30, 2014 and a measurement date of June 30, 2015. The net pension liability was rolled forward from June 30, 2014 to June 30, 2015. PDA's proportion of the net pension liability was based on a projection of PDA's long-term share of contributions to NHRS relative to the projected contributions of all participating employers as actuarially determined. At June 30, 2015, PDA's proportion of the net pension liability was 0.1074%.

For the years ended June 30, 2017 and 2016, PDA recognized pension expense of \$703,122 and \$358,598, respectively.



**PEASE DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2017 and 2016**

**16. Defined Benefit Pension Plan (continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (concluded)

At June 30, 2017, PDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net differences between project and actual investment earnings on pension plan investments	\$ 343,481	\$ -
Changes in assumptions	675,642	-
Differences between expected and actual experience	15,257	69,325
Changes in proportion and differences between employer contributions and share of contributions	274,832	139,813
Contributions subsequent to the measurement date	413,003	-
Balances as of June 30, 2017	\$ 1,722,215	\$ 209,138

At June 30, 2016, PDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net differences between projected and actual investment earnings on pension plan investments	\$ -	\$ 113,746
Changes in proportion and differences between employer contributions and share of contributions	358,441	93,393
Contributions subsequent to the measurement date	417,908	-
Balances as of June 30, 2016	\$ 776,349	\$ 207,139

Amounts reported as deferred outflows related to pensions resulting from PDA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30</b>	<b>Amount</b>
2018	\$ 238,720
2019	238,720
2020	358,218
2021	254,272
2022	10,144
	\$ 1,100,074

**PEASE DEVELOPMENT AUTHORITY  
(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2017 and 2016**

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**16. Defined Benefit Pension Plan (continued)**

Actuarial Assumptions

The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2015, using the following actuarial assumptions, which apply to 2016 measurements:

Actuarial cost method	Entry-Age Normal
Amortization method	Level Percentage-of-Payroll, closed
Remaining amortization period	23 years beginning July 1, 2016 (30 years beginning July 1, 2009)
Investment Rate of Return	7.25% net of investment expenses, including inflation
Salary Rate Increase	5.60% average, including inflation
Price Inflation	2.50%

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 – June 30, 2015.

Long-Term Rates of Return

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

**PEASE DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2017 and 2016**

**16. Defined Benefit Pension Plan (continued)**

Long-Term Rates of Return

Following is a table present target allocations and the geometric real rates of return for each asset class:

<i>Asset Class</i>	<i>Target Allocation 2016</i>	<i>Target Allocation 2015</i>	<i>Weighted Average Long-Term Expected Real Rate of Return</i>	
			<i>2016</i>	<i>2015</i>
Large Cap Equities	22.50%	22.50%	4.25%	3.00%
Small/Mid Cap Equities	<u>7.50</u>	<u>7.50</u>	4.50	3.00
Total Domestic Equity	<u>30.00</u>	<u>30.00</u>		
International Equities (Unhedged)	13.00	13.00	4.75	4.00
Emerging International Equities	<u>7.00</u>	<u>7.00</u>	6.25	6.00
Total International Equity	<u>20.00</u>	<u>20.00</u>		
Core Bonds	5.00	4.50	0.64	(0.70)
Short Duration	2.00	2.50	(0.25)	(1.00)
Global Multi-Sector Fixed Income	11.00	11.00	1.71	0.28
Absolute Return Fixed Income	<u>7.00</u>	<u>7.00</u>	1.08	0.16
Total Fixed Income	<u>25.00</u>	<u>25.00</u>		
Private Equity	5.00	5.00	6.25	5.50
Private Debt	5.00	5.00	4.75	4.50
Opportunistic	<u>5.00</u>	<u>5.00</u>	3.68	2.75
	<u>15.00</u>	<u>15.00</u>		
Real Estate	<u>10.00</u>	<u>10.00</u>	3.25	3.50
Total	100.00%	100.00%		

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**PEASE DEVELOPMENT AUTHORITY  
(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2017 and 2016**

**16. Defined Benefit Pension Plan (concluded)**

Sensitivity Analysis

The following presents PDA's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what PDA's proportionate share of the pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
PDA's proportionate share of the net pension liability	\$ 7,054,246	\$ 5,489,977	\$ 4,192,663

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NHRS annual report available from NHRS' website at <https://www.nhrs.org>.

The pension plan's fiduciary net position has been determined on the same basis used by NHRS. NHRS's financial statements are prepared using the accrual basis of accounting. Both plan member and employer contributions are recognized in the period in which contributions are legally due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Investments in both domestic and non-U.S. securities are valued at current market prices and expressed in U.S. dollars. NHRS uses a trade-date accounting basis for these investments. Investments in non-registered commingled funds are valued at net asset value as a practical expedient to estimate fair value.

Changes in Assumption for Purposes of Contributions Rates

On July 1, 2016, the Board of Trustees of NHRS announced a change to adopt revised actuarial assumptions based on the results of a five-year experience study conducted by the retirement systems consulting actuary. Included in these changes will be the lowering of the assumed rate of return from 7.75% to 7.25%. This rate will be used in September to set employer contribution rates for fiscal years 2018 and 2019.

**17. Other Post-Employment Benefits**

In addition to providing pension benefits, NHRS administers four cost-sharing multiple-employer defined postemployment medical subsidiary healthcare plans designated in statute by membership type. The four plans are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the "OPEB Plans". RSA 21-I: 30 specifies that the State provide certain health care insurance benefits for retired employees. These benefits include group hospitalization, hospital medical care and surgical care. Substantially all of the State's employees who were hired on or before June 30, 2003 and have 10 years of service may become eligible for these benefits if they reach normal retirement age while working for the State and receive their pensions on a periodic basis rather than a lump sum. During fiscal year 2004, legislation was passed that requires State Group I employees hired on or after July 1, 2003 to have 20 years of State service in order to qualify for health coverage benefits. These and similar benefits for active employees are authorized by RSA 21-I: 30 and provided through the Employee and Retiree Benefit Risk Management Fund (the "Fund"), which is the State's self-insurance fund implemented in October 2003 for active State employees and retirees.

**PEASE DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2017 and 2016**

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**17. Other Post-Employment Benefits (concluded)**

The State Legislature has indicated it plans to only partially fund (on a pay-as-you-go basis) the annual required contribution ("ARC"), an actuarially determined rate in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Plan members are not required to contribute to the OPEB Plans. PDA makes annual contributions to the OPEB Plans equal to the amount required by RSA 100-a:52, which was 1.64% of covered compensation during the year ended June 30, 2017 and 2016. Effective July 1, 2017 the annual contribution rate was decreased to 1.07% and will remain fixed through June 30, 2019. PDA's contributions to NHRS for the OPEB Plans for the years ended June 30, 2017 and 2016 were \$55,132 and \$55,827, respectively, which were equal to its ARC.

Detailed information about the OPEB Plans' fiduciary net position is available in the separately issued NHRS annual report available from NHRS' website at <https://www.nhrs.org>.

GASB Statement No. 75

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued in June 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reported for all OPEB with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The provisions of this Statement will be effective for PDA beginning with its year ending June 30, 2018. Management has not currently determined what impact the implementation of this Statement will have on the financial statements.

**18. Commitments and Contingencies**

Subsurface Investigation

During site subsurface investigations conducted at the Market Street Terminal (performed, in part, to support storm water system improvements), the PDA-DPH's environmental consultant found several areas of subsurface soils contaminated with significant levels of the heavy metal mercury. Initial investigations reveal that this contamination is most likely associated with a commercial wood preservation process that was located on a portion of the site and probably operated on the site sometime after 1875 and terminated operations before the State acquired title to the property in the 1960's and prior to July 1, 2001 when PDA-DPH operations were transferred from the State to the PDA. The completed study has been submitted to the New Hampshire Department of Environmental Services and management is awaiting its review and comment. As of June 30, 2017, no liability has been recorded for future pollution remediation obligations.

**PEASE DEVELOPMENT AUTHORITY  
(A Component Unit of the State of New Hampshire)**

**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)  
June 30, 2017 and 2016**

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**18. Commitments and Contingencies (concluded)**

Grant Administration

PDA receives federal grants, which are subject to review and audit by the grantor agencies. Although these audits could result in expenditure disallowances under the terms of the grants, it is believed that any required reimbursements would not have a material effect on the financial statements.

Construction Contracts

PDA had commitments under construction contracts associated with federal grants totaling approximately \$4,431,000 and \$881,000 at June 30, 2017 and 2016, respectively.

Litigation

From time to time, PDA is involved in pending or threatened lawsuits encountered in the normal course of business. Management of PDA believes that the ultimate outcome of these matters, to the extent not covered by insurance, will not have a material impact on PDA's financial position or operations.

Potential Liability

In September 2016, PDA received notice of the Conservation Law Foundation's (CLF) intent to sue under the Citizen Suit Provisions of the Clean Water Act (CWA) and the Resource Conservation and Recovery Act (RCRA), respectively. The CWA notice alleges that PDA is illegally discharging storm water from the Pease International Tradeport into the waters of the United States without a National Pollutant Discharge Elimination System permit. The RCRA Notice includes allegations relative to the storage and disposal of perfluorooctanoic acid and perfluorooctanesulfonic acid and contamination to the surface water and ground water. On November 10, 2016, CLF filed a Complaint for Declaratory and Injunction Relief and Civil Penalties in the United States District Court for the District of New Hampshire (Case 1:16-CV-00493) in the CWA matter. No filing has been made in the RCRA matter. On February 8, 2017, PDA filed a Motion to Dismiss the CWA action because the State is immune from suit under the Eleventh Amendment to the U.S. Constitution, because CLF does not have standing to bring its claim and because the complaint does not state viable CWA claims. Management believes there is presently insufficient information to express any opinion as to the likely outcome of these matters or to otherwise determine their financial impact, if any.

**19. Subsequent Event**

Revolving Line of Credit

On August 10, 2017, PDA's Board of Directors approved a Loan Modification Agreement with The Provident Bank to extend the \$5,000,000 RLOC through December 31, 2018.



**REQUIRED SUPPLEMENTARY INFORMATION**

**PEASE DEVELOPMENT AUTHORITY  
(A Component of the State of New Hampshire)**

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Collective Net Pension Liability**

	JUNE 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Employer Proportion of the Collective Net Pension Liability	0.1032%	0.1074%	0.0982%	0.0967%
Employer's Proportionate Share of the Collective Net Pension Liability	\$ 5,489,977	\$ 4,255,991	\$ 3,687,154	\$ 4,163,828
Employer's Covered-Employee Payroll	\$ 3,848,000	\$ 3,430,000	\$ 3,029,000	\$ 2,843,000
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered-Employee Payroll	142.7%	124.1%	121.7%	146.5%
Plan Fiduciary Net Position as a % of the Total Pension Liability	58.30%	65.47%	66.32%	59.81%

*Schedule is intended to show 10 years. Additional years will be added as they become available.*

**Schedule of Employer Contributions**

	JUNE 30,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Required Employer Contribution	\$ 413,003	\$ 417,908	\$ 360,425	\$ 318,681	\$ 241,055
Actual Employer Contributions	\$ 413,003	\$ 417,908	\$ 360,425	\$ 318,681	\$ 241,055
Excess/(Deficiency) of Employer Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Covered Employee Payroll	\$ 3,803,000	\$ 3,848,000	\$ 3,430,000	\$ 3,029,000	\$ 2,843,000
Employer Contribution as a % of the Employer's Covered-Employee Payroll	10.86%	10.86%	10.51%	10.52%	8.48%

**PEASE DEVELOPMENT AUTHORITY  
(A Component of the State of New Hampshire)**

**REQUIRED SUPPLEMENTARY INFORMATION (CONCLUDED)**

**Notes to the Required Supplementary Information**

**Valuation Date:** June 30, 2009 for determining the Fiscal Year 2013 contributions  
June 30, 2011 for determining the Fiscal Year 2014 contributions  
June 30, 2013 for determining the Fiscal Year 2015 contributions  
June 30, 2014 for determining the Fiscal Year 2016 contributions  
June 30, 2015 for determining the Net Pension Liability

**Notes:** The roll-forward of total pension liability from June 30, 2015 to June 30, 2016 reflects expected service cost and interest reduced by actual benefit payments.

Actuarial determined contribution rates for the 2012-2013 biennium were determined based on the June 30, 2009 actuarial valuation.

Actuarial determined contribution rates for the 2014-2015 biennium were determined based on the June 30, 2011 actuarial valuation.

Actuarial determined contribution rates for the 2016-2017 biennium were determined based on the June 30, 2013 actuarial valuation.

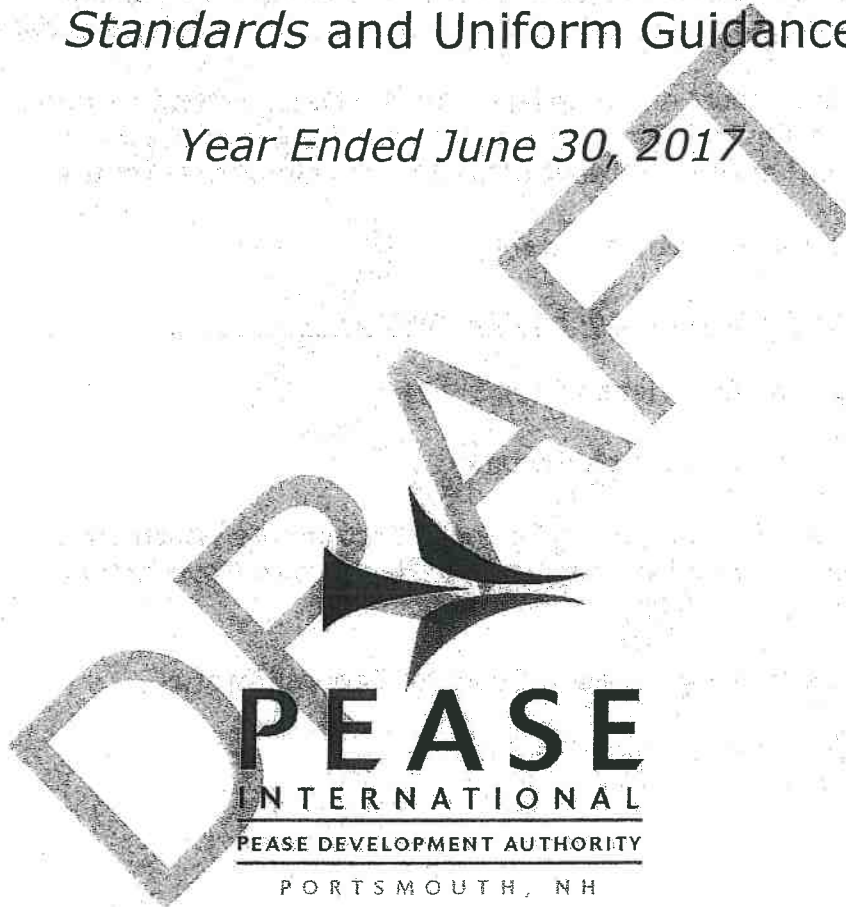
Actuarial determined contribution rates for the 2018-2019 biennium were determined based on the June 30, 2015 actuarial valuation.



**Pease Development Authority**  
(A Component Unit of the State of New Hampshire)

Reports Required by *Government Auditing  
Standards* and Uniform Guidance

*Year Ended June 30, 2017*



**PEASE DEVELOPMENT AUTHORITY  
(A Component Unit of the State of New Hampshire)**

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS  
AND UNIFORM GUIDANCE**

Year Ended June 30, 2017

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**INDEPENDENT AUDITOR'S 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**

Board of Directors  
Pease Development Authority  
(A Component Unit of the State of New Hampshire)

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pease Development Authority (PDA), a component unit of the State of New Hampshire, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise PDA's basic financial statements, and have issued our report thereon dated REPORT DATE.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered PDA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PDA's internal control. Accordingly, we do not express an opinion on the effectiveness of PDA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of PDA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether PDA'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 in accordance with *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PDA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Manchester, New Hampshire  
REPORT DATE

**DRAFT**



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Pease Development Authority  
(A Component Unit of the State of New Hampshire)

**Report on Compliance for the Major Federal Program**

We have audited Pease Development Authority's (PDA) compliance with the types of compliance requirements described in the *Office of Management and Budget Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2017. PDA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for PDA's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 PDA'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 on compliance for the major federal program. However, our audit does not provide a legal determination of PDA's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, PDA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of PDA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered PDA's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 PDA'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 of 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Board of Directors  
Pease Development Authority  
(A Component Unit of the State of New Hampshire)

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the basic financial statements of PDA as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise PDA's basic financial statements. We issued our report thereon dated REPORT DATE, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Manchester, New Hampshire  
REPORT DATE

**DRAFT**

**PEASE DEVELOPMENT AUTHORITY**  
 (A Component Unit of the State of New Hampshire)  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2017

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Commerce:</u>		
Direct:		
Economic Adjustment Assistance: 01-19-63007	11.307	\$ <u>1,205,996</u>
Total U.S. Department of Commerce		<u>1,205,996</u>
<u>U.S. Department of Homeland Security:</u>		
Direct:		
Port Security Grant Program	97.056	<u>4,940</u>
Total U.S. Department of Homeland Security		<u>4,940</u>
<u>U.S. Department of Transportation:</u>		
Direct:		
Airport Improvement Program: 3-33-0016-56-2016	20.106	475,376
3-33-0016-061-2017	20.106	2,475
Passed-Through State of New Hampshire:		
New Hampshire Department of Transportation:		
Airport Improvement Program:		
SPG-15-04-2012	20.106	7,955
SPG-15-05-2012	20.106	99,170
SPG-16-02-2013	20.106	306,255
SPG-16-03-2013	20.106	724
SPG-16-04-2014	20.106	232,022
SPG-16-05-2016	20.106	313,409
SPG-15-07-2016	20.106	717,337
SPG-15-06-2015	20.106	<u>8,006</u>
Total U.S. Department of Transportation		<u>2,162,729</u>
Total Expenditures of Federal Awards		\$ <u>3,373,665</u>

See accompanying notes to the schedule of expenditures of federal awards.

**PEASE DEVELOPMENT AUTHORITY**  
(A Component Unit of the State of New Hampshire)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2017

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Pease Development Authority (PDA) during the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a portion of the operations of PDA, it is not intended to, and does not, present the net position, changes in net position or cash flows of PDA.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, for federal agreements entered into before December 26, 2014, and the Uniform Guidance for federal agreements entered into on or after December 26, 2014, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

PDA has not elected to use the 10% de minimis indirect cost rate.

**3. Calculation of Economic Adjustment Assistance Grant Expenditures**

Economic Adjustment Assistance grant expenditures reported in the Schedule of Expenditures of Federal Awards have been calculated as follows:

Balance of revolving loan fund loans outstanding	\$ 1,072,889
Cash and cash equivalent balances	111,299
Administrative expenses paid out during the fiscal year	<u>21,808</u>
	<u>\$ 1,205,996</u>



**PEASE DEVELOPMENT AUTHORITY**  
(A Component Unit of the State of New Hampshire)

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended June 30, 2017

**Section I. Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified  
Internal control over financial reporting:  
Material weakness(es) identified?  yes  no  
Significant deficiency(ies) identified not considered to  
be material weaknesses?  yes  none reported  
Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:  
Material weakness(es) identified?  yes  no  
Significant deficiency(ies) identified not considered to  
be material weaknesses?  yes  none reported  
Type of auditor's report issued on compliance for major  
programs: Unmodified  
Any audit findings disclosed that are required to be reported  
in accordance with Uniform Guidance?  yes  no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	U.S. Department of Transportation: Airport Improvement Program

Dollar threshold used to distinguish between  
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**PEASE DEVELOPMENT AUTHORITY**  
(A Component Unit of the State of New Hampshire)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2017

**Section II Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standard***

None noted.

**Section III. Findings and Questioned Costs for the Major Federal Program**

None noted.

DRAFT

**PEASE DEVELOPMENT AUTHORITY**  
(A Component Unit of the State of New Hampshire)

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Year Ended June 30, 2016

Finding Number 2016-001

Condition Found and Context

During our audit, while reviewing PDA's 18 open construction projects, we noted several for which the related capital assets were placed in service during the year, but were still considered construction-in-process (CIP) for accounting purposes with no depreciation taken. During management's review of the accumulated costs associated with the projects that should have been placed into service for accounting purposes, it was identified that some legal expenses had been capitalized as part of CIP in years ended prior to June 30, 2014 that should have been recorded as legal expense in the years incurred since the underlying services did not provide an initial useful life extending beyond a single reporting period.

Recommendation

We recommend management perform a periodic review (at least quarterly) of the CIP listing. If a project has been completed and been placed in service, the related costs should be moved from CIP to the appropriate capital asset category and depreciation of the asset over its useful life should be recorded. In addition, the costs included in CIP should be reviewed to determine that the related costs will have an initial useful life extending beyond the current year.

Status

Corrected



**FY 2018 FINANCIAL REPORT  
FOR THE TWO MONTH PERIOD  
ENDING AUGUST 31, 2017**



**BOARD OF DIRECTORS' MEETING  
OCTOBER 19, 2017**



# CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES 2

## FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2017

(\$ 000's)

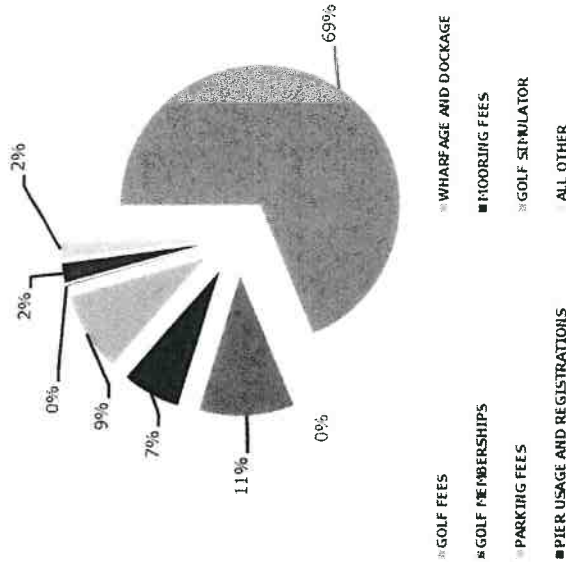
	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
<b>BUDGET VARIANCE ANALYSIS</b>				
▪ <b>OPERATING REVENUES- HIGHER BY 3.9% ...</b>	<b>3,210</b>	<b>3,088</b>	<b>122</b>	<b>14,319</b>
▪ TIMING DIFFERENCES ASSOCIATED WITH RENTAL OF FACILITIES, OFFSET BY INCREASES IN:				
▪ GOLF FEES- ESCALATION IN NONMEMBER ROUNDS PLAYED	1,219	1,052	167	5,890
▪ GOLF MERCHANDISE SALES	263	310	(47)	2,193
▪ CONCESSION REVENUES FROM HIGHER GRILL 28 SALES.	59	106	(47)	797
▪ DPH FUEL SALES	27	103	(76)	681
▪ <b>OPERATING COSTS- LOWER BY 1.4%...</b>				
▪ ANTICIPATED TIMING DIFFERENCES ASSOCIATED WITH CLF RELATED LEGAL FEES	129	125	4	665
▪ PENSION EXPENSE IMPACTED BY INVESTMENT EARNINGS- JUNE 30, 2016 VALUATION	34	54	(20)	295
▪ EXTENSIVE FY 2017 YEAR-END CUT OFF PROCEDURES	295	304	(9)	1,021
▪ <b>NONOPERATING (INCOME) AND EXPENSES</b>				
▪ INTEREST EXPENSE LOWER DUE TO LESS THAN ANTICIPATED CAPITAL EXPENDITURES.	1	2	(1)	12
	<b>2,026</b>	<b>2,054</b>	<b>(28)</b>	<b>11,542</b>
<b>OPERATING INCOME</b>	<b>1,184</b>	<b>1,034</b>	<b>150</b>	<b>2,777</b>
<b>NONOPERATING (INCOME) AND EXPENSE</b> <i>(PAGE #7)</i>				
<b>DEPRECIATION</b>	990	1,051	(61)	6,306
<b>NET OPERATING INCOME</b>	<b>193</b>	<b>(19)</b>	<b>212</b>	<b>(3,541)</b>

# CONSOLIDATED OPERATING REVENUES FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2017

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
RENTAL OF FACILITIES	1,814	1,873	(59)	9,723
FEE REVENUES <i>(SEE PIE CHART)</i>	817	752	65	2,860
FUEL SALES <i>(SEE TABLE BELOW)</i>	269	240	29	699
CONCESSION REVENUE	94	78	16	348
GOLF MERCHANDISE	72	58	14	225
ALL OTHER- NET	144	87	57	464
	<b>3,210</b>	<b>3,088</b>	<b>122</b>	<b>14,319</b>

FEE REVENUES YEAR TO DATE



FUEL ANALYSIS	ACTUAL SALES		BUDGETED SALES		BUDGET VARIANCE		ACTUAL COGS		BUDGETED COGS		BUDGET VARIANCE	
SKYHAVEN AIRPORT	16	22	(6)	13	21	(8)						
PORTSMOUTH FISH PIER	124	125	(1)	89	99	(10)						
RYE HARBOR	47	48	(1)	36	44	(8)						
HAMPTON HARBOR	82	45	37	61	56	5						
	<b>269</b>	<b>240</b>	<b>29</b>	<b>199</b>	<b>220</b>	<b>(21)</b>						

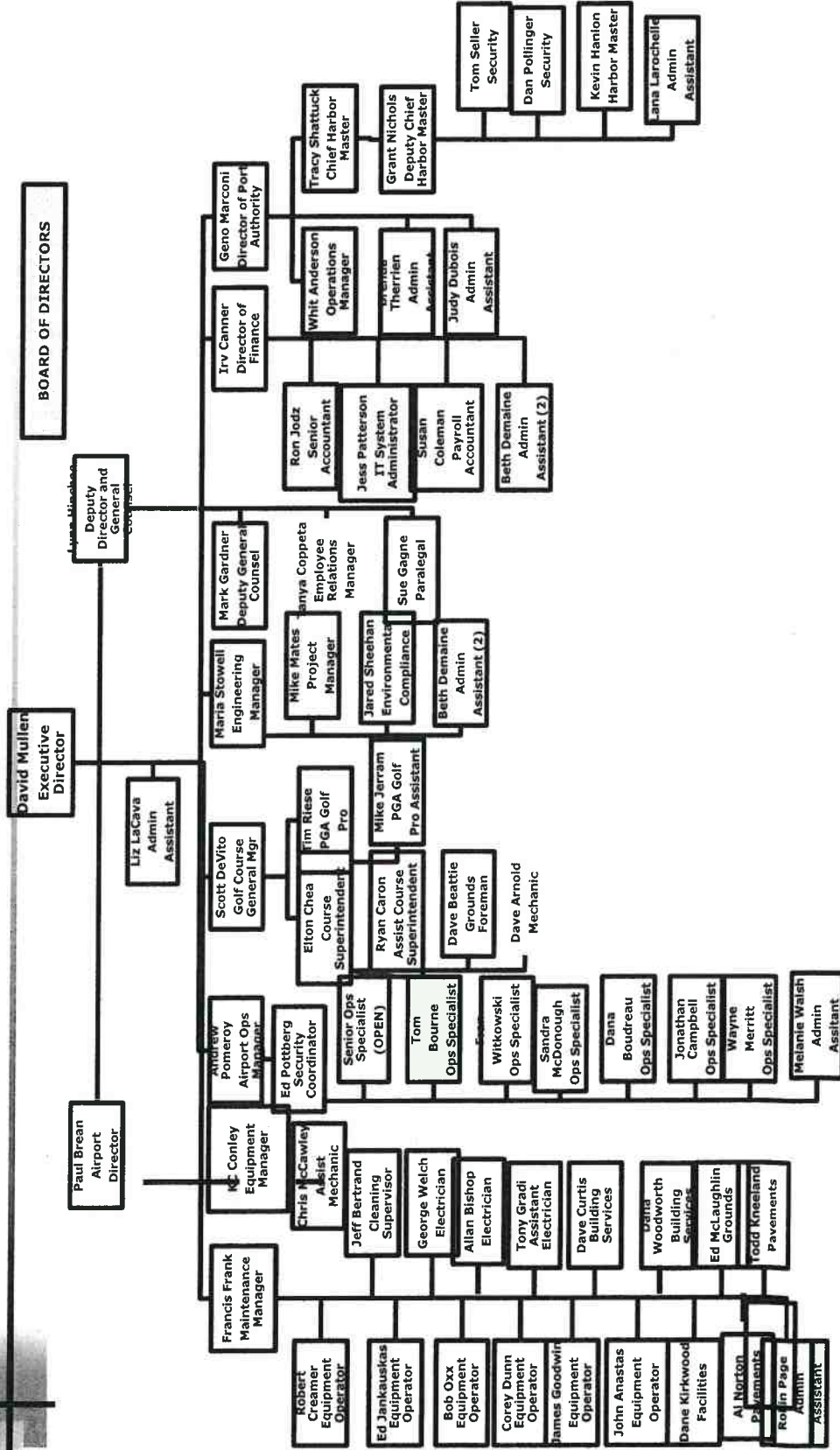


# CONSOLIDATED PERSONNEL SERVICES AND BENEFITS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2017

(\$ 000's)

	PERSONNEL SERVICES			CURRENT STAFF ANALYSIS (FILLED POSITIONS)						
	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET	SAL/BEN	HR/BEN	HR/NON	SE	CON	TOTAL
BENEFITED	698	633	65	3,741						
NONBENEFITED	152	146	6	725						
OVERTIME	45	22	23	198						2.0
ACCRUED VACATION AND SICK	(23)	-	(23)	-						21.0
TRANSFER OUT	872	801	71	4,664						17.0
	(13)	(70)	57	(646)						
	859	731	128	4,018						3.0
<b>FRINGE BENEFITS</b>										
HEALTH INSUR	170	159	11	952						57.0
RETIREMENT	91	86	5	528						3.5
FICA	65	62	3	357						4.0
WORKERS COMP	20	16	4	113						5.5
ALL OTHER	18	19	(1)	116						40.0
	364	342	22	2,066						
TRANSFER OUT	(4)	(21)	17	(194)						
	360	321	39	1,872						
	<b>1,219</b>	<b>1,052</b>	<b>167</b>	<b>5,890</b>						
					16.0	45.0	19.0	70.0	2.0	152.0

# PEASE DEVELOPMENT AUTHORITY ORGANIZATION CHART- CURRENT



NOTE:  
1. EXCLUDES, NON-BENEFITED EMPLOYEES, CONTRACT AND SEASONAL EMPLOYEES.  
2. SHARED POSITION

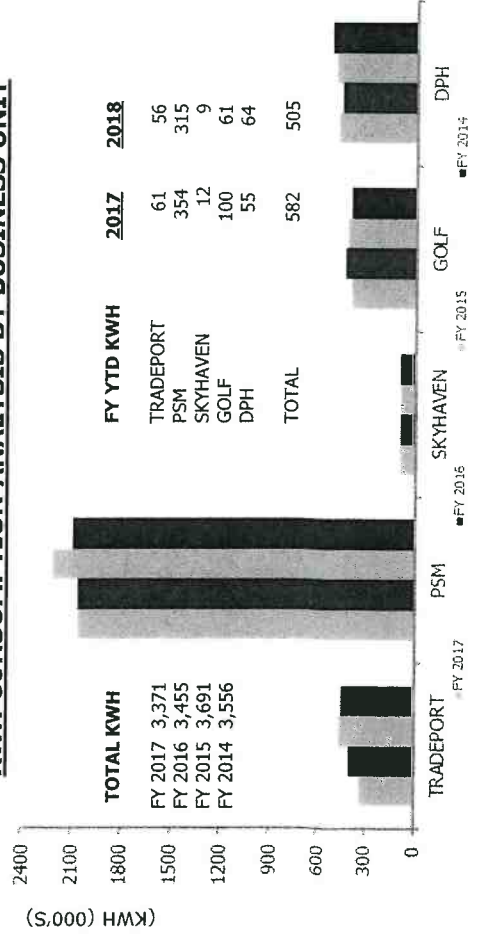
# CONSOLIDATED OTHER OPERATING EXPENSES FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2017

(\$ 000's)

UTILITIES	YEAR TO DATE ACTUAL		YEAR TO DATE BUDGET		CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
	DATE	ACTUAL	DATE	BUDGET		
ELECTRICITY	29	66	29	66	(37)	420
WATER	15	13	15	13	2	120
WASTE DISPOSAL	10	9	10	9	1	100
NATURAL GAS AND OIL	2	8	2	8	(6)	97
PROPANE	3	10	3	10	(7)	60
	<b>59</b>	<b>106</b>	<b>59</b>	<b>106</b>	<b>(47)</b>	<b>797</b>

PROFESSIONAL SERVICES	YEAR TO DATE ACTUAL		YEAR TO DATE BUDGET		CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
	DATE	ACTUAL	DATE	BUDGET		
LEGAL	11	83	11	83	(72)	500
INFORMATION TECHNOLOGY	10	14	10	14	(4)	85
EXTERNAL AUDIT	-	2	-	2	(2)	73
ALL OTHER- NET	6	4	6	4	2	23
	<b>27</b>	<b>103</b>	<b>27</b>	<b>103</b>	<b>(76)</b>	<b>681</b>

## KWH CONSUMPTION ANALYSIS BY BUSINESS UNIT



ALL OTHER	YEAR TO DATE ACTUAL		YEAR TO DATE BUDGET		CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
	DATE	ACTUAL	DATE	BUDGET		
FUEL	199	220	199	220	(21)	651
COAST TROLLEY	9	20	9	20	(11)	120
GOLF MERCHANDISE	51	47	51	47	4	180
GOLF CART LEASE	36	17	36	17	19	70
	<b>295</b>	<b>304</b>	<b>295</b>	<b>304</b>	<b>(9)</b>	<b>1,021</b>



# CONSOLIDATED NONOPERATING (INCOME) EXPENSE FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2017

(\$ 000's)

	INTEREST EXPENSE		
	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE
INTEREST EXPENSE	3	3	-
INTEREST INCOME AND OTHER	(2)	(1)	(1)
	<b>1</b>	<b>2</b>	<b>(1)</b>
			<b>12</b>

	INTEREST EXPENSE	
	YEAR TO DATE	FISCAL BUDGET
PROVIDENT BANK	-	-
CITY OF PORTSMOUTH	3	16
TOTAL	<b>3</b>	<b>16</b>

**NOTE:**  
1. SEE PAGE #15 FOR FURTHER INFORMATION REGARDING THE PDA CURRENT LONG TERM DEBT STRUCTURE AND CURRENT INTEREST RATES.

# CONSOLIDATED STATEMENTS OF NET POSITION

(\$ 000's)

ASSETS	JUN 30 2017	AUG 31 2017	JUN 30 2017	AUG 31 2017	CASH AND EQUIVALENTS AT AUGUST 31, 2017	
CURRENT ASSETS					UNRESTRICTED	RESTRICTED
CASH AND EQUIVALENTS	4,032	4,436	1,717	1,055		
ACCOUNTS RECEIVABLE- NET	1,324	1,192	888	992		
OTHER ASSETS	536	453	699	390		
<b>TOTAL CURRENT ASSETS</b>	<b>5,892</b>	<b>6,081</b>	<b>3,420</b>	<b>2,553</b>	3,543	16
<b>RESTRICTED ASSETS</b>					<b>3,559</b>	-
CASH AND EQUIVALENTS	695	654				
ACCOUNTS RECEIVABLE- NET	1,072	1,109				
<b>TOTAL RESTRICTED ASSETS</b>	<b>1,772</b>	<b>1,763</b>				
<b>CAPITAL ASSETS</b>						
LAND, BUILDINGS AND EQUIPMENT	64,368	63,496	5,490	5,490		
CONSTRUCTION IN PROCESS (PAGES #10-#14)	1,303	1,671	338	331		
<b>TOTAL ASSETS</b>	<b>65,671</b>	<b>65,167</b>	<b>9,248</b>	<b>8,374</b>		
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
PENSION			209	209		
<b>TOTAL LIABILITIES</b>			<b>209</b>	<b>209</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>						
PENSION			64,435	63,826		
<b>NET POSITION</b>			<b>64,435</b>	<b>63,826</b>		
RESTRICTED FOR:						
REVOLVING LOAN FUND			1,182	1,186		
HARBOR DREDGING			288	271		
FOREIGN TRADE ZONE			47	47		
UNRESTRICTED			(352)	820		
<b>TOTAL NET POSITION</b>	<b>1,722</b>	<b>1,722</b>	<b>65,600</b>	<b>66,150</b>	<b>877</b>	<b>654</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					<b>4,436</b>	<b>654</b>
PENSION						

PEASE  
DEVELOPMENT  
AUTHORITY

GENERAL FUNDS  
TENANT ESCROW

DIVISION OF  
PORTS AND  
HARBORS

GENERAL FUNDS

HARBOR  
MANAGEMENT

HARBOR  
DREDGING

REVOLVING LOAN-  
FISHERY FUND

FOREIGN TRADE

**TOTAL**

# SUMMARY OF INTERGOVERNMENTAL RECEIVABLES AS OF AUGUST 31, 2017

(\$ 000's)

PROJECT NAME	APPROVAL DATE	TOTAL PROJECT	GRANT AWARD	EXPENDED TO DATE	PDA SHARE	RECEIVED TO DATE	BALANCE DUE PDA	AMOUNT SUBMITTED
PSM OBSTRUCTION REMOVAL / PERMIT AND DESIGN (SBG 04-2014)	04-25-14	-	-	258	(13)	245	-	-
PSM RUNWAY 16-34 PRE-DESIGN	TBD	-	-	96	(96)	-	-	-
PSM TERMINAL BATHROOM RENOVATIONS	04-21-16	-	-	528	(26)	434	68	-
PSM OBSTRUCTION REMOVAL / CONSTRUCTION (AIP 60)	06-21-17	1,130	1,074	92	(5)	-	87	-
PSM SECURITY IDENTIFICATION SYSTEM (SBG 05-2016)	03-21-16	-	-	353	(19)	306	28	-
DAW SNOW REMOVAL EQUIP (SBG 08-2017)	-	-	-	4	(1)	-	3	-
DAW TAXILANE PAV, DRAIN, DES (SBG 07-2016)	09-22-16	1,830	1,738	1,101	154	261	686	686
DAW RUN DESIGN AND RECON (SBG 04-2012)	09-04-13	567	539	533	(27)	506	-	-
DPH UPGRADE PORT SECURITY AND SOFTWARE		59	59	9	-	-	9	-
							<b>881</b>	<b>686</b>



# SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(\$ 000's)

<u>PROJECT NAME</u>	BALANCE AT 06-30-17	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-17
<b>PORTSMOUTH AIRPORT</b>					
RUNWAY 16-34 PRE-DESIGN (FAA- TBD)	96	-	-	-	96
SECURITY IDENTIFICATION SYSTEM (SBG 05-16)	348	5	-	5	353
TERMINAL SEATING AND TABLES	38	3	(41)	(38)	-
TERMINAL EXPANSION PLANNING	3	-	-	-	3
OBSTRUCTION REMOVAL	=	92	=	92	92
	<u>485</u>	<u>100</u>	<u>(41)</u>	<u>59</u>	<u>544</u>

# SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(CONTINUED):

(\$ 000's)

<u>PROJECT NAME</u>	BALANCE AT 06-30-17	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-17
<b>SKYHAVEN AIRPORT</b>					
TAXILANE PAVEMENT AND DRAINAGE CONSTRUCTION (SBG 07-2016)	797	304	-	304	1,101
SNOW REMOVAL EQUIPMENT	4	-	-	-	4
	<u>801</u>	<u>304</u>	-	<u>304</u>	<u>1,105</u>
<b>MAINTENANCE</b>	=	=	=	=	=

# SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(CONTINUED):

(\$ 000's)

<u>PROJECT NAME</u>	BALANCE AT 06-30-17	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-17
<b>GOLF COURSE</b>					
WELL VIABILITY STUDY	1	-	-	-	1
TORO FAIRWAY MOWER	-	60	(60)	-	-
	<u>1</u>	<u>60</u>	<u>(60)</u>	<u>=</u>	<u>1</u>
<b>ADMINISTRATION</b>					
COMPUTER REPLACEMENTS	=	=	=	=	=



# SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(CONTINUED):

(\$ 000's)

<u>PROJECT NAME</u>	BALANCE AT 06-30-17	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-17
<b>TRADEPORT</b>					
SECURITY AND FIRE ALARM MONITORING SYSTEM	=	<u>8</u>	<u>(8)</u>	=	=

# SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(CONTINUED):

(\$ 000's)

<u>PROJECT NAME</u>	BALANCE AT 06-30-17	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-17
<b>DIVISION OF PORTS AND HARBORS</b>					
FASTLANE GRANT APPLICATION	12	-	-	-	12
UPGRADE PORT SECURITY AND SOFTWARE	5	4	-	4	9
SECURITY AND FIRE ALARM MONITORING SYSTEM	-	1	(1)	-	-
ICE MACHINE COMPRESSOR	-	10	(10)	-	-
	<u>17</u>	<u>15</u>	<u>(11)</u>	<u>4</u>	<u>21</u>
TOTAL	<u>1,304</u>	<u>487</u>	<u>(120)</u>	<u>367</u>	<u>1,671</u>

# LONG TERM DEBT LIABILITIES AS OF AUGUST 31, 2017

(\$ 000's)

## SCHEDULE OF DEBT SERVICE REPAYMENT

	CURRENT PORTION	LONG TERM PORTION	TOTAL AMOUNT DUE	
CITY OF PORTSMOUTH- WATER POLLUTION CONTROL NOTE @ 4.50%	116	233	349	CITY OF PORTSMOUTH
ACCRUED SICK LIABILITY	-	98	98	349
TOTAL	<u>116</u>	<u>331</u>	<u>447</u>	PAID IN FY 2018 -
				<b>TOTAL</b>
				<b><u>349</u></b>

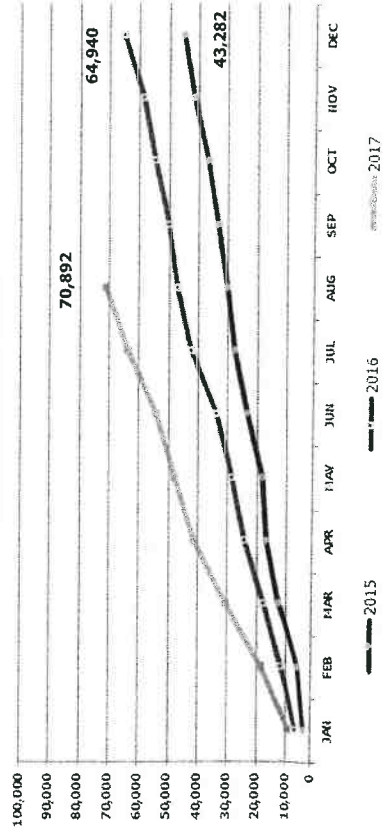


# STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2017 PORTSMOUTH AIRPORT

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
<b>OPERATING REVENUES</b>	<u>152</u>	<u>144</u>	<u>8</u>	<u>1,014</u>
FACILITIES RENTAL	105	96	9	570
CARGO AND HANGARS	37	38	(1)	231
CONCESSION REVENUES	2	1	1	7
FEE REVENUES	14	3	11	141
ALL OTHER	(6)	6	(12)	65
	<u>152</u>	<u>144</u>	<u>8</u>	<u>1,014</u>
<b>OPERATING EXPENSES</b>				
PERSONNEL SERVICES AND BENEFITS	179	172	7	1,021
BUILDINGS AND FACILITIES MAINTENANCE	100	151	(51)	1,184
GENERAL AND ADMINISTRATIVE	29	26	3	156
UTILITIES	24	47	(23)	322
PROFESSIONAL SERVICES	-	-	-	-
MARKETING AND PROMOTION	1	3	(2)	18
ALL OTHER	-	-	-	-
	<u>333</u>	<u>399</u>	<u>(66)</u>	<u>2,701</u>
<b>OPERATING INCOME</b>	<b>(181)</b>	<b>(255)</b>	<b>74</b>	<b>(1,687)</b>
<b>NONOPERATING (INCOME) AND EXPENSE</b>				
DEPRECIATION	573	633	(60)	3,800
<b>NET OPERATING INCOME</b>	<b>(754)</b>	<b>(888)</b>	<b>134</b>	<b>(5,487)</b>

### ENPLANEMENT DATA



# STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2017 SKYHAVEN AIRPORT

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
<b>OPERATING REVENUES</b>	<u>26</u>	<u>40</u>	<u>(14)</u>	<u>180</u>
CARGO AND HANGARS	15	17	(2)	105
FUEL SALES	16	22	(6)	74
ALL OTHER	(5)	1	(6)	1
	<u>26</u>	<u>40</u>	<u>(14)</u>	<u>180</u>
<b>OPERATING EXPENSES</b>				
PERSONNEL SERVICES AND BENEFITS	9	9	-	92
BUILDINGS AND FACILITIES MAINTENANCE	8	8	-	82
GENERAL AND ADMINISTRATIVE	4	4	-	29
UTILITIES	2	5	(3)	31
PROFESSIONAL SERVICES	1	1	-	5
MARKETING AND PROMOTION	-	-	-	-
ALL OTHER- FUEL	13	21	(8)	63
	<u>37</u>	<u>48</u>	<u>(11)</u>	<u>302</u>
<b>OPERATING INCOME</b>	<b>(11)</b>	<b>(8)</b>	<b>(3)</b>	<b>(122)</b>
<b>NONOPERATING (INCOME) AND EXPENSE</b>	-	-	-	-
<b>DEPRECIATION</b>	71	71	-	426
<b>NET OPERATING INCOME</b>	<b>(82)</b>	<b>(79)</b>	<b>(3)</b>	<b>(548)</b>

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
<b>OPERATING REVENUES</b>	<u>26</u>	<u>40</u>	<u>(14)</u>	<u>180</u>
CARGO AND HANGARS	15	17	(2)	105
FUEL SALES	16	22	(6)	74
ALL OTHER	(5)	1	(6)	1
	<u>26</u>	<u>40</u>	<u>(14)</u>	<u>180</u>

	CURRENT MONTH	YEAR TO DATE	TOTAL YEAR	YTD AVE PRICE
<b>GALLONS OF FUEL SOLD</b>				
FY 2017	3,271	5,171	16,735	\$ 4.03
FY 2018	1,711	3,862	3,862	\$ 4.25

	CAPITAL EXPEND	DEBT REPAY	GRANT FUNDS	TOTAL
<b>NET CASH FLOW</b>				
FY 2018	(11)	-	261	(54)
FY 2017	(91)	-	301	(719)
FY 2016	(53)	-	451	205
FY 2009- FY 2015	(691)	(100)	3,603	(1,665)
	<u>(846)</u>	<u>(100)</u>	<u>4,616</u>	<u>(2,233)</u>

# STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2017 TRADEPORT

(\$ 000's)

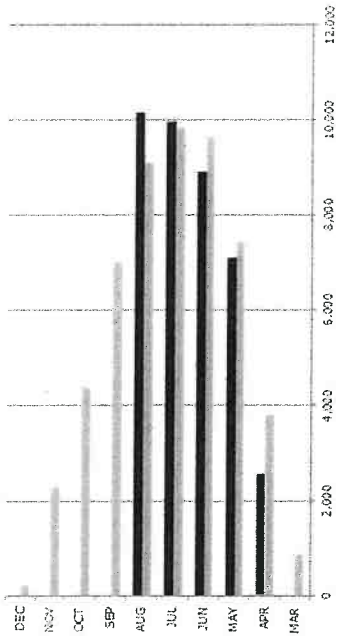
	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
<b>OPERATING REVENUES</b>	<u>1,654</u>	<u>1,652</u>	<u>2</u>	<u>8,368</u>
RENTAL OF FACILITIES	1,553	1,611	(58)	8,121
ALL OTHER	101	41	60	247
	<b><u>1,654</u></b>	<b><u>1,652</u></b>	<b><u>2</u></b>	<b><u>8,368</u></b>
<b>OPERATING EXPENSES</b>				
PERSONNEL SERVICES AND BENEFITS	-	-	-	-
BUILDINGS AND FACILITIES MAINTENANCE	19	44	(25)	313
GENERAL AND ADMINISTRATIVE	8	8	-	46
UTILITIES	6	11	(5)	133
PROFESSIONAL SERVICES	-	-	-	-
MARKETING AND PROMOTION	-	-	-	-
ALL OTHER	10	20	(10)	120
	<u>43</u>	<u>83</u>	<u>(40)</u>	<u>612</u>
<b>OPERATING INCOME</b>	<b><u>1,611</u></b>	<b><u>1,569</u></b>	<b><u>42</u></b>	<b><u>7,756</u></b>
<b>NONOPERATING (INCOME) AND EXPENSE</b>				
DEPRECIATION	135	136	(1)	816
<b>NET OPERATING INCOME</b>	<b><u>1,476</u></b>	<b><u>1,433</u></b>	<b><u>43</u></b>	<b><u>6,940</u></b>





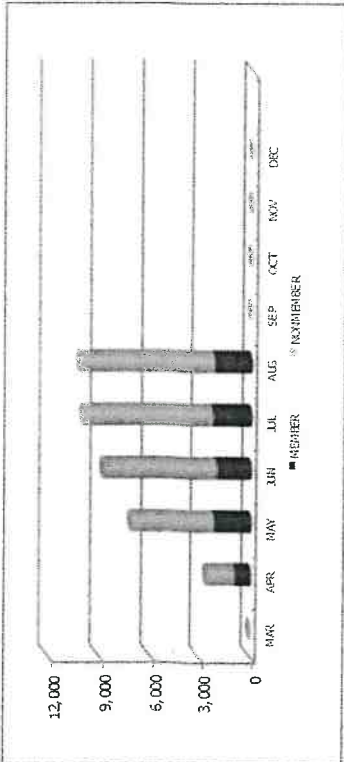
# KEY GOLF COURSE BENCHMARKING DATA

ROUNDS OF GOLF PLAYED (SEASON)



	2017 YTD	2016 YTD	2016 SEASON
ROUNDS PLAYED	38,691	41,066	54,936
RAIN DAYS	39	54	60

2017 MEMBER / NONMEMBER ROUNDS (SEASON)



	FY 2017	FY 2018		FY 2017	FY 2018
<b>GOLF SIMULATOR REVENUES</b>			<b>BAR AND GRILL GROSS SALES</b>		
JULY	\$ 148	\$ 253	JULY	\$ 183,674	\$ 195,199
AUGUST	64	992	AUGUST	191,472	210,451
SEPTEMBER	-	-	SEPTEMBER	160,353	-
OCTOBER	3,827	-	OCTOBER	122,716	-
NOVEMBER	12,420	-	NOVEMBER	88,068	-
DECEMBER	21,198	-	DECEMBER	108,400	-
JANUARY	28,021	-	JANUARY	91,004	-
FEBRUARY	23,123	-	FEBRUARY	82,539	-
MARCH	25,130	-	MARCH	86,387	-
APRIL	9,270	-	APRIL	118,351	-
MAY	1,345	-	MAY	172,014	-
JUNE	253	-	JUNE	204,313	-
	\$ 124,799	\$ 1,245		\$ 1,659,595	\$ 405,650

2017 ROUNDS- SEASON		2016 ROUNDS- SEASON	
MEMBER	9,944	MEMBER	13,068
NONMEMBER	28,747	NONMEMBER	27,998
<b>TOTAL</b>	<b>38,691</b>	<b>TOTAL</b>	<b>41,066</b>

CLUB/ COURSE FUNCTIONS	FY 2018 YTD	FY 2017 YTD
GROUPS 12-40	11,570	15,685
TOURNAMENT PLAY	65,172	66,848
LEAGUES	32,620	33,103
FOOD AND ROOM FEES	42,745	41,755

# STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2017 PORT AUTHORITY OF NEW HAMPSHIRE (UNRESTRICTED)

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET	OPERATING REVENUES	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
<b>OPERATING REVENUES</b>	<u>535</u>	<u>502</u>	<u>33</u>	<u>2,220</u>	FACILITY RENTALS	105	111	(6)	691
<b>OPERATING EXPENSES</b>					CONCESSION REVENUE	3	6	(3)	6
PERSONNEL SERVICES AND BENEFITS	213	191	22	1,082	FEE REVENUE				
BUILDINGS AND FAC AND MAINTENANCE	15	14	1	177	MOORING FEES	55	54	1	325
GENERAL AND ADMINISTRATIVE	18	23	(5)	130	PARKING	69	68	1	116
UTILITIES	14	15	(1)	116	REGISTRATIONS	9	5	4	150
PROFESSIONAL SERVICES	-	2	(2)	26	WHARF / DOCK	-	10	(10)	214
MARKETING AND PROMOTION	-	-	-	2	FUEL SALES	133	137	(4)	805
ALL OTHER - FUEL	185	199	(14)	588	ALL OTHER	253	218	35	625
	<u>445</u>	<u>444</u>	<u>1</u>	<u>2,121</u>	<b>TOTAL</b>	<b>535</b>	<b>502</b>	<b>33</b>	<b>2,220</b>
<b>OPERATING INCOME</b>	<b>90</b>	<b>58</b>	<b>32</b>	<b>99</b>	<b>BUSINESS UNIT ANALYSIS</b>				
<b>NONOPERATING (INCOME) AND EXPENSE</b>	-	-	-	(1)	HAMPTON HARBOR	125	125		
<b>DEPRECIATION</b>	121	124	(3)	741	RYE HARBOR	94	94		
<b>NET OP INCOME</b>	<b>(31)</b>	<b>(66)</b>	<b>35</b>	<b>(641)</b>	PORTSMOUTH FISH PIER	126	126		
					HARBOR MANAG	64	64		
					MARKET STREET	65	65		
					ADMIN	49	49		
					OPERATING REVENUES	38	31	7	(12)
					OPERATING EXPENSES (EXCLUDING DEPRECIATION)	21	21		(48)
					OPERATING INCOME	60	60		(12)



**STATEMENT OF OPERATIONS FOR THE TWO MONTH  
PERIOD ENDING AUGUST 31, 2017  
PORT AUTHORITY OF NEW HAMPSHIRE (RESTRICTED)**

(\$ 000's)

HARBOR DREDGING	YEAR TO DATE ACTUAL		YEAR TO DATE BUDGET		CURRENT YEAR VARIANCE		FISCAL YEAR BUDGET		FISCAL YEAR BUDGET
	12	12	12	12	-	-	107	5	
<b>OPERATING REVENUES</b>									
<b>OPERATING EXPENSES</b>									
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES MAINTENANCE	15	-	15	50	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	4	-	4	-	-	-	-	1	(1)
UTILITIES	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	-	-	-	-	-	-	-	-	-
MARKETING AND PROMOTION	-	-	-	-	-	-	-	-	8
ALL OTHER	-	-	-	-	-	-	-	-	-
	19	-	19	50	-	-	-	1	(1)
<b>OPERATING INCOME</b>	<b>(7)</b>	<b>12</b>	<b>(19)</b>	<b>57</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>1</b>	<b>(4)</b>
<b>NONOPERATING (INCOME) AND EXPENSE</b>									
DEPRECIATION	11	11	-	65	-	-	-	-	-
<b>NET OPERATING INCOME</b>	<b>(18)</b>	<b>1</b>	<b>(19)</b>	<b>(7)</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>1</b>	<b>(4)</b>

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**STATEMENT OF OPERATIONS FOR THE TWO MONTH  
PERIOD ENDING AUGUST 31, 2017  
PORT AUTHORITY OF NEW HAMPSHIRE (RESTRICTED)**

(CONTINUED)

(\$ 000's)

	YEAR TO	YEAR TO	FISCAL
	DATE	DATE	
	ACTUAL	BUDGET	BUDGET
<b>REVOLVING LOAN FUND</b>	8	8	48
<b>OPERATING REVENUES</b>			
<b>OPERATING EXPENSES</b>			
PERSONNEL SERVICES AND BENEFITS	-	-	-
BUILDINGS AND FACILITIES MAINTENANCE	-	-	-
GENERAL AND ADMINISTRATIVE	1	-	1
UTILITIES	-	-	-
PROFESSIONAL SERVICES	4	4	22
MARKETING AND PROMOTION	-	-	-
ALL OTHER	-	-	-
<b>OPERATING INCOME</b>	<b>3</b>	<b>4</b>	<b>26</b>
<b>NONOPERATING (INCOME) AND EXPENSE</b>			
DEPRECIATION	-	-	-
<b>NET OPERATING INCOME</b>	<b>3</b>	<b>4</b>	<b>26</b>

<b>REVOLVING LOAN FUND RECONCILIATION</b>	
	BALANCE AT 06-30-2017
<b>CASH BALANCES</b>	
GENERAL FUNDS	111
SEQUESTERED FUNDS	-
<b>LOANS OUTSTANDING</b>	111
CURRENT	132
LONG TERM	940
	<u>1,072</u>
	<u>1,183</u>
<b>CAPITAL UTILIZATION RATE- % (*)</b>	<u>90.6</u>
<b>FUND EXCESS (DEFICIENCY)- % (*)</b>	<u>15.6</u>
	<u>18.4</u>
	BALANCE AT 08-31-2017

(\*) EXCLUDES SEQUESTERED FUNDS.

# PEASE DEVELOPMENT AUTHORITY STATEMENT OF NET POSITION

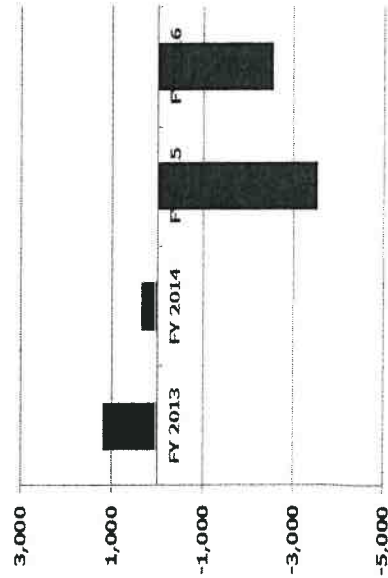
(EXCLUDING PORT AUTHORITY OF NEW HAMPSHIRE)

(\$ 000's)

### DISCUSSION AND ANALYSIS

- CONTINUED FINANCIAL OBLIGATION TO SUPPORT NONGRANT RELATED CAPITAL PROJECTS AND DEBT REPAYMENT.
- ACCRUED PENSION LIABILITY.
- REVENUE ESCALATION / CPI HAS BEEN EXCEEDED BY COST ESCALATION RELATIVE TO PERSONNEL SERVICES AND BENEFITS.

### NET UNRESTRICTED POSITION AT JUNE 30



	JUN 30 2017	AUG 31 2017	JUN 30 2017	AUG 31 2017
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
CASH AND EQUIVALENTS	3,256	3,559	1,231	528
ACCOUNTS RECEIVABLE- NET	1,258	1,194	888	992
OTHER ASSETS	493	411	408	185
<b>TOTAL CURRENT ASSETS</b>	<b>5,007</b>	<b>5,164</b>	<b>2,642</b>	<b>1,821</b>
<b>RESTRICTED ASSETS</b>				
CASH AND EQUIVALENTS	-	-	-	-
ACCOUNTS RECEIVABLES- NET	-	-	-	-
<b>TOTAL RESTRICTED ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CAPITAL ASSETS</b>				
LAND, BUILDINGS AND EQUIPMENT	54,127	53,377	163	163
CONSTRUCTION IN PROCESS (PAGES #10-#14)	1,287	1,650	54,178	53,686
<b>TOTAL CAPITAL ASSETS</b>	<b>55,414</b>	<b>55,027</b>	<b>7,313</b>	<b>6,489</b>
<b>TOTAL ASSETS</b>	<b>60,421</b>	<b>60,191</b>	<b>54,326</b>	<b>54,919</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
PENSION	1,380	1,380	148	1,233
<b>TOTAL NET POSITION</b>	<b>1,380</b>	<b>1,380</b>	<b>54,326</b>	<b>54,919</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
ACCOUNTS PAYABLE	-	-	-	-
ACCOUNTS PAYABLE- CONSTRUCTION	-	-	-	-
UNEARNED REVENUE	-	-	-	-
REVOLVING LOC FACILITY	-	-	-	-
CURRENT PORTION- LT LIABILITIES	116	116	116	116
<b>TOTAL CURRENT LIABILITIES</b>	<b>116</b>	<b>116</b>	<b>2,642</b>	<b>1,821</b>
<b>NONCURRENT LIABILITIES</b>				
NET PENSION LIABILITY	4,355	4,355	4,355	4,355
OTHER LT LIABILITIES	316	316	316	313
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>4,671</b>	<b>4,671</b>	<b>4,671</b>	<b>4,668</b>
<b>TOTAL LIABILITIES</b>	<b>4,787</b>	<b>4,787</b>	<b>7,313</b>	<b>6,489</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
PENSION	-	-	-	-
<b>NET POSITION</b>	<b>55,414</b>	<b>55,027</b>	<b>163</b>	<b>163</b>
<b>NET INVESTMENT IN CAPITAL ASSETS</b>	<b>54,127</b>	<b>53,377</b>	<b>54,178</b>	<b>53,686</b>
<b>RESTRICTED FOR:</b>				
REVOLVING LOAN FUND	-	-	-	-
HARBOR DREDGING	-	-	-	-
FOREIGN TRADE ZONE	-	-	-	-
UNRESTRICTED	1,380	1,380	148	1,233
<b>TOTAL NET POSITION</b>	<b>1,380</b>	<b>1,380</b>	<b>54,326</b>	<b>54,919</b>



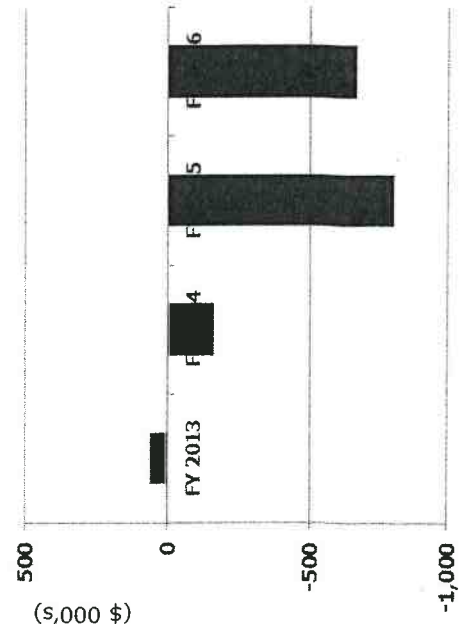
# PORT AUTHORITY OF NEW HAMPSHIRE STATEMENT OF NET POSITION- UNRESTRICTED FUNDS

(\$ 000's)

### DISCUSSION AND ANALYSIS

- CONTINUED FINANCIAL OBLIGATION TO SUPPORT UNREIMBURSED CAPITAL PROJECTS AND ACCRUED PENSION LIABILITY.
- \$ 1.9 MILLION IN STORM WATER MANAGEMENT SYSTEM MODIFICATION AND IMPROVEMENT PROJECT COSTS IN PAST THREE FISCAL YEARS. THE PIER EXPANSION FUND HAS PROVIDED \$1.0 MILLION WHILE \$0.9 MILLION HAS BEEN ABSORBED BY UNRESTRICTED FUND BALANCES.

### NET UNRESTRICTED POSITION AT JUNE 30



	JUN 30 2017	AUG 31 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
CASH AND EQUIVALENTS	776	877
ACCOUNTS RECEIVABLE- NET	66	(2)
OTHER ASSETS	43	42
<b>TOTAL CURRENT ASSETS</b>	<b>885</b>	<b>917</b>
<b>RESTRICTED ASSETS</b>		
CASH AND EQUIVALENTS	-	-
ACCOUNTS RECEIVABLES- NET	-	-
<b>TOTAL RESTRICTED ASSETS</b>	<b>-</b>	<b>-</b>
<b>CAPITAL ASSETS</b>		
LAND, BUILDINGS AND EQUIPMENT	9,573	9,452
CONSTRUCTION IN PROCESS (PAGES #10-#14)	16	21
<b>TOTAL ASSETS</b>	<b>9,589</b>	<b>9,473</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
PENSION	342	342

	JUN 30 2017	AUG 31 2017
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
ACCOUNTS PAYABLE	255	266
ACCOUNTS PAYABLE- CONSTRUCTION	-	-
UNEARNED REVENUE	291	206
REVOLVING LOC FACILITY	-	-
CURRENT PORTION - LT LIABILITIES	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>546</b>	<b>472</b>
<b>NONCURRENT LIABILITIES</b>		
NET PENSION LIABILITY	1,135	1,135
OTHER LT LIABILITIES	18	18
<b>TOTAL LIABILITIES</b>	<b>1,681</b>	<b>1,625</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
PENSION	46	46
<b>NET POSITION</b>		
NET INVESTMENT IN CAPITAL ASSETS	9,589	9,473
<b>RESTRICTED FOR:</b>		
REVOLVING LOAN FUND	-	-
HARBOR DREDGING	-	-
FOREIGN TRADE ZONE	-	-
UNRESTRICTED	(500)	(412)
<b>TOTAL NET POSITION</b>	<b>9,089</b>	<b>9,061</b>

# PORT AUTHORITY OF NEW HAMPSHIRE STATEMENT OF NET POSITION- FOREIGN TRADE ZONE

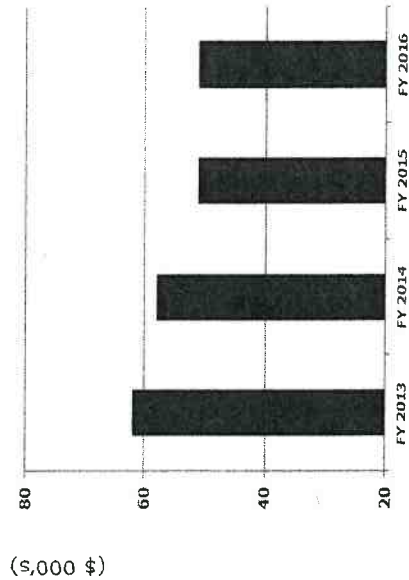
(\$ 000's)

	JUN 30 2017	AUG 31 2017	JUN 30 2017	AUG 31 2017
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
CASH AND EQUIVALENTS	-	-	-	-
ACCOUNTS RECEIVABLE- NET	-	-	-	-
OTHER ASSETS	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>
<b>RESTRICTED ASSETS</b>				
CASH AND EQUIVALENTS	47	47	47	47
ACCOUNTS RECEIVABLES- NET	=	=	=	=
<b>TOTAL RESTRICTED ASSETS</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
<b>CAPITAL ASSETS</b>				
LAND, BUILDINGS AND EQUIPMENT	-	-	-	-
CONSTRUCTION IN PROCESS (PAGES #10-#14)	-	-	-	-
<b>TOTAL ASSETS</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
PENSION	=	=	=	=
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
ACCOUNTS PAYABLE	-	-	-	-
ACCOUNTS PAYABLE- CONSTRUCTION	-	-	-	-
UNEARNED REVENUE	-	-	-	-
REVOLVING LOC FACILITY	-	-	-	-
CURRENT PORTION- LT LIABILITIES	-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>
<b>NONCURRENT LIABILITIES</b>				
NET PENSION LIABILITY	-	-	-	-
OTHER LT LIABILITIES	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
PENSION	=	=	=	=
<b>NET POSITION</b>				
NET INVESTMENT IN CAPITAL ASSETS	-	-	-	-
RESTRICTED FOR:				
REVOLVING LOAN FUND	-	-	-	-
HARBOR DREDGING	-	-	-	-
FOREIGN TRADE ZONE	47	47	47	47
UNRESTRICTED	-	-	-	-
<b>TOTAL NET POSITION</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>

**DISCUSSION AND ANALYSIS**

- CURRENTLY EXPLORING ACCELERATED MARKETING PLAN TO ATTRACT POTENTIAL VENDORS.
- DURING FY 2016 WESTINGHOUSE ELECTRIC SUSPENDED THEIR PARTICIPATION.

**NET RESTRICTED POSITION  
AT JUNE 30**



# PORT AUTHORITY OF NEW HAMPSHIRE STATEMENT OF NET POSITION- HARBOR DREDGING

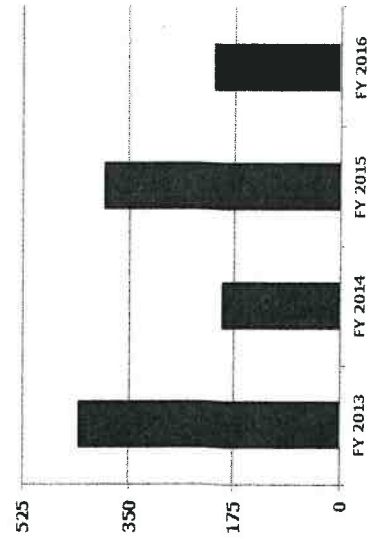
(\$ 000's)

	JUN 30 2017	AUG 31 2017	JUN 30 2017	AUG 31 2017
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
CASH AND EQUIVALENTS	-	-	253	257
ACCOUNTS RECEIVABLE- NET	-	-	-	-
OTHER ASSETS	-	-	-	-
TOTAL CURRENT ASSETS	-	-	-	-
<b>RESTRICTED ASSETS</b>				
CASH AND EQUIVALENTS	537	528	-	-
ACCOUNTS RECEIVABLES- NET	4	-	-	-
TOTAL RESTRICTED ASSETS	<u>541</u>	<u>528</u>	<u>253</u>	<u>257</u>
<b>CAPITAL ASSETS</b>				
LAND, BUILDINGS AND EQUIPMENT	668	667	-	-
CONSTRUCTION IN PROCESS (PAGES #10-#14)	-	-	-	-
<b>TOTAL ASSETS</b>	<u>668</u>	<u>667</u>	<u>253</u>	<u>257</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,209</u>	<u>1,195</u>	<u>668</u>	<u>667</u>
PENSION	-	-	-	-
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
ACCOUNTS PAYABLE	-	-	-	-
ACCOUNTS PAYABLE- CONSTRUCTION	-	-	-	-
UNEARNED REVENUE	-	-	-	-
REVOLVING LOC FACILITY	-	-	-	-
CURRENT PORTION- LT LIABILITIES	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>253</u>	<u>257</u>	<u>253</u>	<u>257</u>
<b>NONCURRENT LIABILITIES</b>				
NET PENSION LIABILITY	-	-	-	-
OTHER LT LIABILITIES	-	-	-	-
TOTAL LIABILITIES	<u>253</u>	<u>257</u>	<u>253</u>	<u>257</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
PENSION	-	-	-	-
<b>NET POSITION</b>				
NET INVESTMENT IN CAPITAL ASSETS	668	667	668	667
RESTRICTED FOR:				
REVOLVING LOAN FUND	-	-	-	-
HARBOR DREDGING	288	271	-	-
FOREIGN TRADE ZONE	-	-	-	-
UNRESTRICTED	-	-	-	-
<b>TOTAL NET POSITION</b>	<u>956</u>	<u>938</u>	<u>956</u>	<u>938</u>

### DISCUSSION AND ANALYSIS

- CONTINUED FINANCIAL OBLIGATION TO SUPPORT UNREIMBURSED CAPITAL PROJECTS OR REPAIRS AND MAINTENANCE FOR PORT OPERATIONS. FOR FY 2018:
  - ICE COMPRESSOR REPAIR- PFP 9
  - ROADWAY REPAIRS- HAMPTON 5
  - FUEL SHACK CAMERA- RYE 4
  - PTZ SECURITY CAMERA-RYE 4
  - ONE TON LOADSTAR REPAIR 4
  - COOLER UNIT REPAIRS- PFP 2
  - MULTI CAMERA REPAIRS-MKT ST 1

### **NET RESTRICTED POSITION AT JUNE 30**



# PORT AUTHORITY OF NEW HAMPSHIRE STATEMENT OF NET POSITION- REVOLVING LOAN

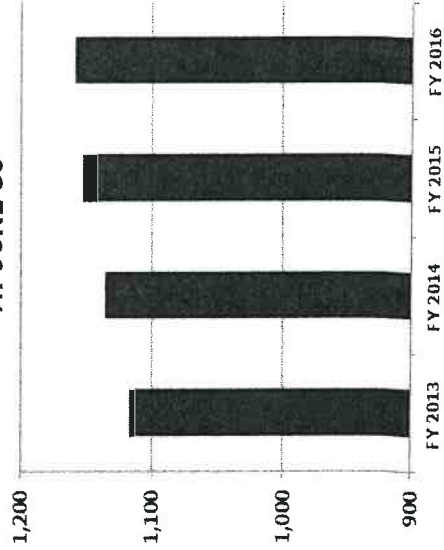
(\$ 000's)

	JUN 30 2017	AUG 31 2017	JUN 30 2017	AUG 31 2017
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
CASH AND EQUIVALENTS	-	-	-	-
ACCOUNTS RECEIVABLE- NET	-	-	-	-
OTHER ASSETS	-	-	-	-
TOTAL CURRENT ASSETS	-	-	-	-
<b>RESTRICTED ASSETS</b>				
CASH AND EQUIVALENTS	111	79	111	79
ACCOUNTS RECEIVABLES- NET	1,072	1,109	1,072	1,109
TOTAL RESTRICTED ASSETS	<u>1,183</u>	<u>1,188</u>	<u>1,183</u>	<u>1,188</u>
<b>CAPITAL ASSETS</b>				
LAND, BUILDINGS AND EQUIPMENT	-	-	-	-
CONSTRUCTION IN PROCESS (PAGES #10-#14)	-	-	-	-
<b>TOTAL ASSETS</b>	<u>1,183</u>	<u>1,188</u>	<u>1,183</u>	<u>1,188</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
PENSION	-	-	-	-
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
ACCOUNTS PAYABLE	1	-	1	-
ACCOUNTS PAYABLE- CONSTRUCTION	-	-	-	-
UNEARNED REVENUE	-	-	-	-
REVOLVING LOC FACILITY	-	-	-	-
CURRENT PORTION- LT LIABILITIES	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
<b>NONCURRENT LIABILITIES</b>				
NET PENSION LIABILITY	-	-	-	-
OTHER LT LIABILITIES	-	-	-	-
TOTAL LIABILITIES	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
PENSION	-	-	-	-
<b>NET POSITION</b>				
NET INVESTMENT IN CAPITAL ASSETS	-	-	-	-
RESTRICTED FOR:				
REVOLVING LOAN FUND	1,182	1,186	1,182	1,186
HARBOR DREDGING	-	-	-	-
FOREIGN TRADE ZONE	-	-	-	-
UNRESTRICTED	-	-	-	-
<b>TOTAL NET POSITION</b>	<u>1,182</u>	<u>1,186</u>	<u>1,182</u>	<u>1,186</u>

**DISCUSSION AND ANALYSIS**

- STEADY STATE WITH NO INDICATION OF ANY FINANCIAL CHALLENGES RELATIVE TO THE FUND BALANCE.
- LOAN RATIO IN EXCESS OF 75.0%.
- CURRENT REGULATORY CLIMATE DOES HOWEVER POTENTIALLY CHALLENGE THE DEMAND FOR FUTURE LOANS AND POTENTIALLY, REPAYMENT OF CURRENT LOANS OUTSTANDING.

**NET RESTRICTED POSITION  
AT JUNE 30**





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# **CASH FLOW PROJECTIONS FOR THE NINE MONTH PERIOD ENDING JUNE 30, 2018**

**BOARD OF DIRECTORS' MEETING  
OCTOBER 19, 2017**



# PEASE DEVELOPMENT AUTHORITY CASH FLOW SUMMARY OVERVIEW OCTOBER 1, 2017 TO JUNE 30, 2018

(EXCLUDING DIVISION OF PORTS AND HARBORS)

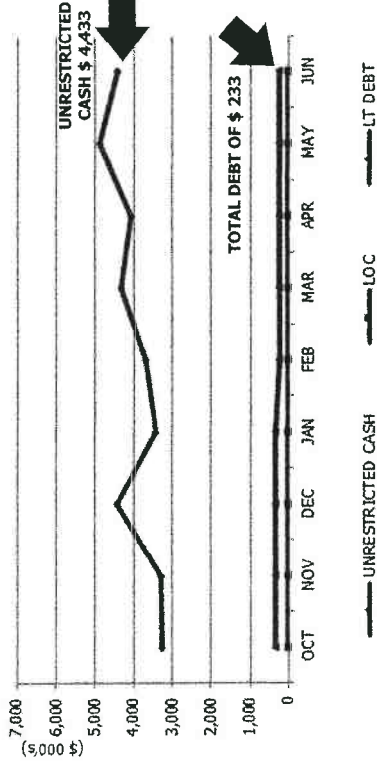
(\$ 000'S)

	AMOUNT
<b>OPENING FUND BALANCE</b>	<b><u>4,687</u></b>
<b>SOURCES OF FUNDS</b>	
TRADEPORT TENANTS	7,135
GRANT AWARDS (SEE PAGE #8)	5,084
GOLF COURSE FEE AND CONCESSION REVENUES	1,475
MUNICIPAL SERVICE FEE (COP)- NET	(117)
PORTSMOUTH AIRPORT	420
SKYHAVEN AIRPORT HANGAR AND FUEL REVENUES	133
EXTERNAL BANK WORKING CAPITAL- NET	-
	<u>14,130</u>
<b>USES OF FUNDS</b>	
CAPITAL EXPENDITURES- GRANT (SEE PAGE #4)	5,733
PERSONNEL SERVICES AND BENEFITS	4,515
OPERATING EXPENSES	3,480
CAPITAL EXPENDITURES- NON GRANT (SEE PAGES #5-#7)	540
LONG TERM DEBT RETIREMENT	116
	<u>14,384</u>
	<u>(254)</u>
<b>NET CASH FLOW</b>	
<b>CLOSING FUND BALANCE</b>	<b><u>4,433</u></b>

**DISCUSSION**

- AT THIS TIME, THE PDA DOES NOT ANTICIPATE THE NEED TO FURTHER UTILIZE ITS SHORT TERM LINE OF CREDIT WITH THE PROVIDENT BANK TO PRIMARILY FINANCE PROJECTED GRANT RELATED CAPITAL EXPENDITURES.
- CURRENT SENSITIVITIES TOWARD FUTURE PROJECTIONS INCLUDE 1) RECEIPT OF FEDERAL / STATE GRANT AWARDS, 2) ACCURACY OF CAPITAL EXPENDITURE AND REIMBURSEMENT FORECAST AND 3) TRADEPORT REVENUE STREAMS.

**PROJECTED CASH AND DEBT BALANCES**



TOTAL FUND BALANCES	BALANCE AT 09-30-2017	BALANCE AT 06-30-2017
PDA UNRESTRICTED	4,687	3,246
PDA DESIGNATED	16	11
<b>TOTAL</b>	<b><u>4,703</u></b>	<b><u>3,257</u></b>

# PEASE DEVELOPMENT AUTHORITY STATEMENT OF CASH FLOW

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(\$ 000'S)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b>OPENING FUND BALANCE</b>	<u>4,687</u>	<u>3,258</u>	<u>3,290</u>	<u>4,425</u>	<u>3,411</u>	<u>3,683</u>	<u>4,337</u>	<u>4,073</u>	<u>4,893</u>	<u>4,687</u>
<b>SOURCES OF FUNDS</b>										
TRADEPORT TENANTS	625	1,080	645	640	1,080	650	665	1,085	665	7,135
GRANT AWARDS (SEE PAGE #8)	-	850	1,751	868	100	615	-	285	615	5,084
MUNICIPAL SERVICE FEE	250	375	250	250	375	250	250	375	250	2,625
GOLF COURSE	195	190	120	85	75	160	200	200	250	1,475
PORTSMOUTH AIRPORT	45	50	45	45	50	45	45	50	45	420
SKYHAVEN AIRPORT	16	17	14	14	14	14	14	15	15	133
WORKING CAPITAL RLOC- NET	-	-	-	-	-	-	-	-	-	-
	<u>1,131</u>	<u>2,562</u>	<u>2,825</u>	<u>1,902</u>	<u>1,694</u>	<u>1,734</u>	<u>1,174</u>	<u>2,010</u>	<u>1,840</u>	<u>16,872</u>
<b>USE OF FUNDS</b>										
CAPITAL- GRANT RELATED (SEE PAGE #4)	1,704	1,635	680	251	350	110	603	400	-	5,733
PERSONNEL SERVICES AND BENEFITS	490	490	515	525	535	500	485	480	495	4,515
OPERATING EXPENSES	345	285	415	645	300	430	350	310	400	3,480
MUNICIPAL SERVICE FEE	21	-	-	1,350	21	-	-	-	1,350	2,742
CAPITAL- NONGRANT (SEE PAGES #5-#7)	-	120	80	145	100	40	-	-	55	540
LONG TERM DEBT RETIREMENT	-	-	-	-	116	-	-	-	-	116
	<u>2,560</u>	<u>2,530</u>	<u>1,690</u>	<u>2,916</u>	<u>1,422</u>	<u>1,080</u>	<u>1,438</u>	<u>1,190</u>	<u>2,300</u>	<u>17,126</u>
<b>NET CASH FLOW</b>	(1,429)	32	1,135	(1,014)	272	654	(264)	820	(460)	(254)
<b>CLOSING FUND BALANCE</b>	<u>3,258</u>	<u>3,290</u>	<u>4,425</u>	<u>3,411</u>	<u>3,683</u>	<u>4,337</u>	<u>4,073</u>	<u>4,893</u>	<u>4,433</u>	<u>4,433</u>

# PEASE DEVELOPMENT AUTHORITY CAPITAL EXPENDITURES

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b>GRANT REIMBURSEMENT</b>										
<b>PORTSMOUTH AIRPORT</b>										
AIR NATIONAL GUARD TAXIWAY ALPHA	850	1,000	150	-	-	-	-	400	-	2,400
OBSTRUCTION MITIGATION- DESIGN	10	10	-	-	-	-	-	-	-	20
OBSTRUCTION MITIGATION- CONSTRUCT	10	350	350	101	200	10	10	-	-	1,031
IDENTIFICATION MANAGEMENT SYSTEM- PHASE I	40	-	-	-	-	-	-	-	-	40
IDENTIFICATION MANAGEMENT SYSTEM- PHASE II	39	-	-	-	-	-	-	-	-	39
RUNWAY DESIGN	40	150	100	50	50	50	50	-	-	490
TERMINAL ENHANCEMENT STUDY	-	50	50	100	100	50	43	-	-	393
	<u>989</u>	<u>1,560</u>	<u>650</u>	<u>251</u>	<u>350</u>	<u>110</u>	<u>103</u>	<u>400</u>	-	<u>4,413</u>
<b>SKYHAVEN AIRPORT</b>										
TAXILANE PAVEMENT (CONSTRUCTION)	700	75	30	-	-	-	-	-	-	805
TAXILANE PAVEMENTS (DESIGN)	15	-	-	-	-	-	-	-	-	15
ROTARY PLOW **	-	-	-	-	-	-	500	-	-	500
	<u>715</u>	<u>75</u>	<u>30</u>	-	-	-	<u>500</u>	-	-	<u>1,320</u>
	<b>1,704</b>	<b>1,635</b>	<b>680</b>	<b>251</b>	<b>350</b>	<b>110</b>	<b>603</b>	<b>400</b>	-	<b>5,733</b>

NOTE:  
\*\* PENDING BOARD APPROVAL



**PEASE DEVELOPMENT AUTHORITY**  
**CAPITAL EXPENDITURES** (EXCLUDING THE DIVISION OF PORTS AND HARBORS)  
 (CONTINUED)

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b><u>NONGRANT REIMBURSEMENT</u></b>										
<b>TRADEPORT</b>										
WATER TOWER LOGO	-	-	-	-	-	-	-	-	30	30
OIL WATER SEPARATOR CLEANING	-	-	-	30	-	-	-	-	-	30
	=	=	=	30	=	=	=	=	30	60

**NOTE:**  
 \*\* PENDING BOARD APPROVAL

# PEASE DEVELOPMENT AUTHORITY CAPITAL EXPENDITURES

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(CONTINUED):

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b><u>NONGRANT REIMBURSEMENT</u></b>										
<b>SKYHAVEN AIRPORT</b>										
SRE DOOR REPLACEMENT / REPAIR (SPRINGS) **	-	-	-	15	-	-	-	-	-	15
TERMINAL PARKING LOT **	=	=	25	=	=	=	=	=	=	25
	=	=	25	15	=	=	=	=	=	40
<b>ADMINISTRATION</b>										
COMPUTERS / PRINTERS / SOFTWARE / SERVERS / TELECOMMUNICATIONS **	=	=	=	35	=	=	=	=	25	60
<b>GOLF COURSE</b>										
BLUE COURSE BRIDGE	=	25	25	25	75	40	=	=	=	190

NOTE:  
\*\* PENDING BOARD APPROVAL

# PEASE DEVELOPMENT AUTHORITY CAPITAL EXPENDITURES

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(\$ 000's)

(CONTINUED):

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b><u>NONGRANT REIMBURSEMENT</u></b>										
<i>(CONTINUED):</i>										
<b>PORTSMOUTH AIRPORT</b>										
TERMINAL RUNWAY RELAMPING (LED) **	-	20	30	-	-	-	-	-	-	50
NORTH WEATHER STATION GENERATOR **	-	-	-	35	-	-	-	-	-	35
PARKING LOT POLES- LED ENERGY EFFICIENCY CONVERSION **	-	30	-	-	-	-	-	-	-	30
	-	50	30	35	-	-	-	-	-	<u>115</u>
<b>MAINTENANCE</b>										
BUILDING INFRASTRUCTURE**	-	-	-	5	25	-	-	-	-	30
VEHICLE FLEET REPLACEMENT **	-	45	-	-	-	-	-	-	-	45
	-	45	-	5	25	-	-	-	-	75
<b>TOTAL NONGRANT</b>	<b>-</b>	<b>120</b>	<b>80</b>	<b>145</b>	<b>100</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>55</b>	<b>540</b>

**NOTE:**  
\*\* PENDING BOARD APPROVAL

# PEASE DEVELOPMENT AUTHORITY RECEIPT GRANT AWARDS (EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b>PORTSMOUTH AIRPORT</b>										
AIR NATIONAL GUARD TAXIWAY ALPHA	-	850	1,000	150	-	-	-	-	400	2,400
OBSTRUCTION MITIGATION- DESIGN	-	-	-	18	-	-	-	-	-	18
OBSTRUCTION MITIGATION- CONSTRUCT	-	-	-	425	-	425	-	-	130	980
IDENTIFICATION MANAGEMENT SYSTEM- PHASE I	-	-	38	-	-	-	-	-	-	38
IDENTIFICATION MANAGEMENT SYSTEM- PHASE II	-	-	38	-	-	-	-	-	-	38
RUNWAY DESIGN	-	-	-	275	-	-	-	190	-	465
TERMINAL ENHANCEMENT STUDY	-	-	-	-	-	190	-	95	85	370
<b>SKYHAVEN AIRPORT</b>										
TAXILANE PAVEMENT- CONSTRUCTION	-	-	665	-	100	-	-	-	-	765
TAXILANE PAVEMENT- DESIGN	-	10	-	-	-	-	-	-	-	10
ROTARY PLOW	-	-	-	-	-	-	-	-	-	-
<b>TOTAL GRANT</b>	<b>=</b>	<b>850</b>	<b>1,751</b>	<b>868</b>	<b>100</b>	<b>615</b>	<b>-</b>	<b>285</b>	<b>615</b>	<b>5,084</b>



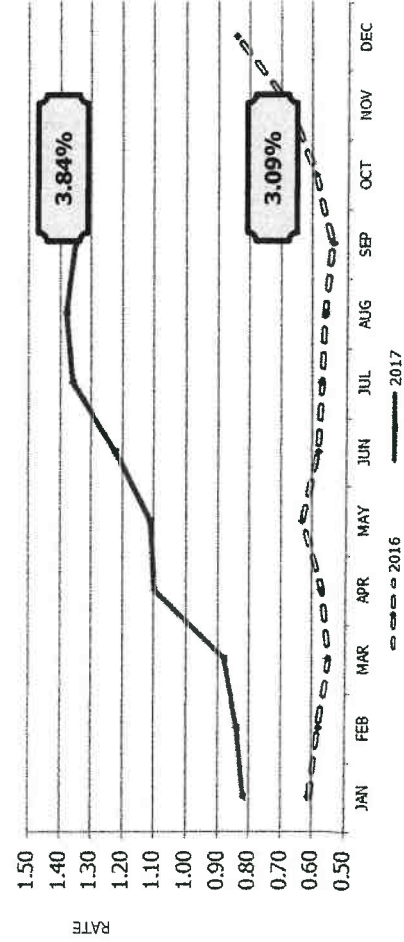
# PEASE DEVELOPMENT AUTHORITY CREDIT FACILITIES AND OUTSTANDING DEBT ANALYSIS

(\$ 000's)

<b>AMOUNT OF ORIGINAL CREDIT FACILITY</b>	THE PROVIDENT BANK (RLOC) 5,000
<b>AMOUNT AVAILABLE</b>	5,000
<b>EFFECTIVE DATE</b>	03-10-2011
<b>TERM DATE</b>	12-31-2018
<b>PURPOSE</b>	TO PROVIDE WORKING CAPITAL
<b>INTEREST RATE</b>	ONE MONTH FHLB (CLASSIC) + 250 BASIS POINTS
<b>MINIMUM SIZE OF DRAWDOWN</b>	NO MINIMUM
<b>OTHER</b>	DOES NOT CARRY THE STATE GUARANTEE

<b>OUTSTANDING DEBT ANALYSIS</b>	<b>BALANCE AT 09-30-2017</b>	<b>BALANCE AT 06-30-2017</b>	<b>MATURITY DATE</b>	<b>INTEREST RATE %</b>
THE PROVIDENT BANK (RLOC)	-	-	12-31-2018	VARIABLE
CITY OF PORTSMOUTH	349	349	12-31-2020	4.50
	<b>349</b>	<b>349</b>		
<b>WEIGHTED AVERAGE</b>	<b>4.50</b>	<b>4.50</b>		

**TRENDING THE ONE MONTH FHLB (BOSTON) INTEREST RATE**



# DIVISION OF PORTS AND HARBORS CASH FLOW SUMMARY OVERVIEW

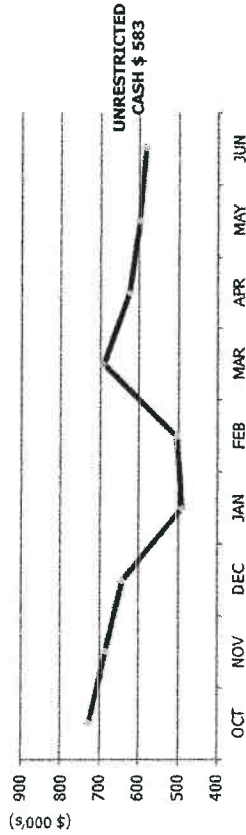
(EXCLUDING RESTRICTED FUNDS)

(\$ 000's)

	AMOUNT
<b>OPENING FUND BALANCE</b>	<b>854</b>
<b>SOURCES OF FUNDS</b>	
FACILITY RENTALS	506
REGISTRATIONS / WHARFAGE	270
MOORING FEES	325
FUEL SALES	180
PARKING FEES AND CONCESSIONS	79
	<u>1,360</u>
<b>USES OF FUNDS</b>	
PERSONNEL SERVICES AND BENEFITS	1,050
OPERATING EXPENSES	392
FUEL PROCUREMENT	169
CAPITAL EXPENDITURES	20
	<u>1,631</u>
<b>NET CASH FLOW</b>	<b>(271)</b>
<b>CLOSING FUND BALANCE</b>	<b>583</b>

- **DISCUSSION**  
CURRENT SENSITIVITIES TOWARD FUTURE PROJECTIONS INCLUDE 1) ACCURACY OF CAPITAL EXPENDITURE FORECAST, 2) WORKERS COMPENSATION CLAIMS AND OR LEGAL SETTLEMENTS, 3) FUEL CONSUMPTION AND 4) CONTINUED CONTAINMENT OF EMPLOYEE OVERTIME.
- LEASE AGREEMENT WITH STATE OF MAINE DEPARTMENT OF TRANSPORTATION EXPIRES **NOVEMBER 30, 2017**. HAVE ASSUMED FULL REPLACEMENT CONTRACT.
- \$ 252 LOAN AMORTIZATION PERIOD AND INTEREST RATE ASSOCIATED WITH HB 25-FN-A (PISCATAQUA RIVER TURNING BASIN), HAS YET TO BE DETERMINED.

**PROJECTED UNRESTRICTED CASH BALANCES**



TOTAL FUND BALANCES	BALANCE AT 09-30-2017	BALANCE AT 06-30-2017
UNRESTRICTED FUNDS	854	775
HARBOR DREDGING	533	538
FOREIGN TRADE ZONE	45	46
REVOLVING LOAN FUND	92	111
<b>TOTAL</b>	<b>1,524</b>	<b>1,470</b>

# DIVISION OF PORTS AND HARBORS

## STATEMENT OF CASH FLOW- UNRESTRICTED FUNDS

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b>OPENING FUND BALANCE</b>	<b>854</b>	<b>729</b>	<b>686</b>	<b>643</b>	<b>491</b>	<b>505</b>	<b>691</b>	<b>624</b>	<b>600</b>	<b>854</b>
<b>SOURCES OF FUNDS</b>										
FACILITY RENTALS	55	55	55	55	57	57	57	57	58	506
CONCESSION REVENUES	4	4	-	-	-	-	2	2	2	14
MOORING FEES	-	-	-	-	50	200	50	-	-	325
REGISTRATIONS / WHARFAGE	25	-	25	45	25	45	40	40	25	270
PARKING FEES	20	5	5	-	-	-	-	10	25	65
FUEL SALES	25	20	20	20	20	15	15	20	25	180
	<u>129</u>	<u>84</u>	<u>105</u>	<u>120</u>	<u>152</u>	<u>317</u>	<u>189</u>	<u>129</u>	<u>135</u>	<u>1,360</u>
<b>USE OF FUNDS</b>										
PERSONNEL SERVICES AND BENEFITS	185	75	75	190	80	80	190	85	90	1,050
BUILDINGS AND FACILITIES	15	10	30	15	10	10	15	15	15	135
GENERAL AND ADMINISTRATIVE	11	12	10	11	12	12	12	11	12	103
UTILITIES	10	11	14	17	17	15	15	13	12	124
PROFESSIONAL SERVICES	10	-	-	10	-	-	10	-	-	30
FUEL PROCUREMENT	23	19	19	19	19	14	14	19	23	169
CAPITAL EXPENDITURES AND OTHER	-	-	-	10	-	-	-	10	-	20
	<u>254</u>	<u>127</u>	<u>148</u>	<u>272</u>	<u>138</u>	<u>131</u>	<u>256</u>	<u>153</u>	<u>152</u>	<u>1,631</u>
<b>NET CASH FLOW</b>	<b>(125)</b>	<b>(43)</b>	<b>(43)</b>	<b>(152)</b>	<b>14</b>	<b>186</b>	<b>(67)</b>	<b>(24)</b>	<b>(17)</b>	<b>(271)</b>
<b>CLOSING FUND BALANCE</b>	<b>729</b>	<b>686</b>	<b>643</b>	<b>491</b>	<b>505</b>	<b>691</b>	<b>624</b>	<b>600</b>	<b>583</b>	<b>583</b>

# DIVISION OF PORTS AND HARBORS STATEMENT OF CASH FLOW- HARBOR DREDGING FUND

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b>OPENING FUND BALANCE</b>	<u>533</u>	<u>547</u>	<u>550</u>	<u>559</u>	<u>578</u>	<u>561</u>	<u>567</u>	<u>574</u>	<u>590</u>	<u>533</u>
<b>SOURCES OF FUNDS</b>										
PIER USAGE FEES	15	3	4	15	3	2	3	20	5	<b>70</b>
REGISTRATIONS	1	2	2	2	2	2	2	3	2	<b>18</b>
FUEL FLOWAGE FEES	3	3	3	2	2	2	2	3	2	<b>22</b>
	<u>19</u>	<u>8</u>	<u>9</u>	<u>19</u>	<u>7</u>	<u>6</u>	<u>7</u>	<u>26</u>	<u>9</u>	<b><u>110</u></b>
<b>USE OF FUNDS</b>										
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES	-	3	-	-	2	-	-	-	-	<b>5</b>
GENERAL AND ADMINISTRATIVE	-	2	-	-	2	-	-	2	-	<b>6</b>
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	-	-	-	-	-	-	-	-	-	-
ALL OTHER- (CBOC)	5	-	-	-	20	-	-	-	25	<b>50</b>
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>24</u>	<u>5</u>	<u>5</u>	<u>2</u>	<u>25</u>	<b><u>61</u></b>
<b>NET CASH FLOW</b>	14	3	9	19	(17)	6	7	24	(16)	<b>49</b>
<b>CLOSING FUND BALANCE</b>	<u>547</u>	<u>550</u>	<u>559</u>	<u>578</u>	<u>561</u>	<u>567</u>	<u>574</u>	<u>590</u>	<u>582</u>	<b><u>582</u></b>



# DIVISION OF PORTS AND HARBORS STATEMENT OF CASH FLOW- FOREIGN TRADE ZONE

(\$ 000's)

	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>TOTAL</u>
<b>OPENING FUND BALANCE</b>	<u>45</u>	<u>36</u>	<u>41</u>	<u>36</u>	<u>28</u>	<u>28</u>	<u>24</u>	<u>20</u>	<u>20</u>	<u>45</u>
<b>SOURCES OF FUNDS</b>										
FACILITY RENTALS	-	5	-	-	-	-	-	-	-	5
ALL OTHER	-	-	-	-	-	-	-	-	-	-
<b>USE OF FUNDS</b>										
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES	-	-	-	-	-	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-	-	-	-	-	-
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	9	-	5	8	-	4	4	-	-	30
ALL OTHER	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FLOW</b>	<u>(9)</u>	<u>5</u>	<u>(5)</u>	<u>(8)</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>(25)</u>
<b>CLOSING FUND BALANCE</b>	<u>36</u>	<u>41</u>	<u>36</u>	<u>28</u>	<u>28</u>	<u>24</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>

# DIVISION OF PORTS AND HARBORS STATEMENT OF CASH FLOW- REVOLVING LOAN

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b>OPENING FUND BALANCE</b>	<u>92</u>	<u>109</u>	<u>124</u>	<u>138</u>	<u>129</u>	<u>146</u>	<u>161</u>	<u>138</u>	<u>135</u>	<u>92</u>
<b>SOURCES OF FUNDS</b>										
LOAN REPAYMENTS	13	13	13	13	14	14	14	14	14	122
INTEREST INCOME-LOANS	5	4	4	5	4	4	5	5	5	41
INTEREST INCOME- FUND BALANCE	1	-	-	-	1	-	-	-	1	3
SEQUESTERED FUNDS	-	-	-	-	-	-	-	-	-	-
	<u>19</u>	<u>17</u>	<u>17</u>	<u>18</u>	<u>19</u>	<u>18</u>	<u>19</u>	<u>19</u>	<u>20</u>	<u>166</u>
<b>USE OF FUNDS</b>										
NEW LOANS ISSUED	-	-	-	25	-	-	40	20	52	137
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES	-	-	-	-	-	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-	-	-	-	-	-
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	2	2	3	2	2	3	2	2	3	21
ALL OTHER	-	-	-	-	-	-	-	-	-	-
	<u>2</u>	<u>2</u>	<u>3</u>	<u>27</u>	<u>2</u>	<u>3</u>	<u>42</u>	<u>22</u>	<u>55</u>	<u>158</u>
<b>NET CASH FLOW</b>	17	15	14	(9)	17	15	(23)	(3)	(35)	8
<b>CLOSING FUND BALANCE</b>	<u>109</u>	<u>124</u>	<u>138</u>	<u>129</u>	<u>146</u>	<u>161</u>	<u>138</u>	<u>135</u>	<u>100</u>	<u>100</u>

October 3, 2017

Daniel N. Dunn  
Senior Vice President of Operations  
Wentworth Douglas Hospital  
789 Central Avenue  
Dover, NH 03820

Re: Right of Entry/67 Corporate Drive and 121 Corporate Drive  
Pease International Tradeport, Portsmouth, NH

Dear Mr. Dunn:

This letter will authorize Wentworth Douglas Hospital (“WDH”) and/or its agents and contractors to enter upon the premises at 67 Corporate Drive and 121 Corporate Drive, Portsmouth, New Hampshire, as shown in the attached Exhibit A (the “Premises”) for a period of six (6) months commencing October 3, 2017 through April 3, 2018, for site investigation purposes. Such investigation may include a review of environmental matters, including soils testing, wetlands review, adequacy of utility services, general site conditions, and any other investigation or evaluation of the Premises you deem necessary. This Right of Entry will expire at the close of business on April 3, 2018 unless otherwise extended by agreement of WDH and Pease Development Authority.

This authorization is conditioned upon the following:

1. WDH providing Pease Development Authority, upon execution of this letter of authorization or promptly upon completion of its investigation, with a copy of any report, letter or summary with respect to conditions found at the Premises;
2. WDH’s agreement herein that any use of the Premises is at its sole risk and that its signature below constitutes its agreement to assume full responsibility for any and all risks of loss or damage to property and injury or death to persons by reason of or incident to its entry or the entry by any of its employees, agents or contractors upon the premises and/or the exercise of any of the authorities granted herein. WDH expressly waives all claims against the Pease Development Authority for any such loss, damage, personal injury or death caused by or occurring as a consequence of WDH’s use of the Premises or the conduct of activities or the performance of responsibilities under this authorization. WDH further agrees to indemnify, save, hold harmless, and defend the Pease Development Authority, its officers, board members, agents and employees, from and against all suits, claims, demands or actions, liabilities, judgements, costs and attorney’s fees arising out of WDH’s use of the Premises or any activities conducted or undertaken in connection with or pursuant to this authorization.

3. WDH and/or any agent or contractor of WDH providing to the Pease Development Authority satisfactory evidence of comprehensive general liability insurance to a limit of not less than Two Million Dollars (\$2,000,000.00) per occurrence, naming the Pease Development Authority as additional insured; automobile liability insurance in the amount of One Million Dollars (\$1,000,000.00); and evidence of workers compensation coverage to statutory limits.

Each such policy or certificate therefor issued by the insurer shall to the extent obtainable contain (i) a provision that no act or omission of any employee, officer or agent of WDH which would otherwise result in forfeiture or reduction of the insurance therein provided shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained, (ii) an agreement by the insurer that such policy shall not be canceled without at least thirty (30) days prior written notice by registered mail to Pease Development Authority, (iii) provide that the insurer shall have no right of subrogation against Pease Development Authority; and (iv) a provision that any liability insurance coverage required to be carried shall be primary and non-contributing with respect to any insurance carried by PDA.

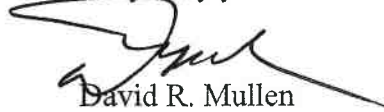
4. WDH obtaining the prior written consent of the Pease Development Authority Engineering Department before conducting any drilling, testpitting, borings or other soil disturbing or ground water handling activities on the Premises, and thereafter complying with all terms and conditions of said consent.

5. WDH's agreement to restore said premises to its condition prior to the commencement of any work undertaken pursuant to this Right of Entry.

6. WDH's agreement herein that this letter of authorization does not constitute a grant of property interest in the Premises, except as otherwise set forth in the lease for 73 Corporate Drive dated January 1, 2016.

Please indicate by your signature below WDH's consent and return the same to me with evidence of insurance as required.

Very truly yours,

  
David R. Mullen  
Executive Director

DRM/smg

Agreed and accepted this 9<sup>th</sup> day of Oct, 2017

WENTWORTH DOUGLAS HOSPITAL


By:   
, Duly authorized



EXHIBIT "A"

PREMISES

(67 Corporate Drive and 121 Corporate Drive)



PROJECT: Exhibit Depicting 67, 73, and 121 Corporate Drive

DESIGNED BY: MRM DATE: 12/9/15 SCALE: 1"=200'

PEASE DEVELOPMENT AUTHORITY

58 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801

October 10, 2017

Barbara Brandt  
Air Force Civil Engineering Center  
2261 Hughes Avenue  
Suite 155  
JBSA  
Lackland, TX 78236-9853

Sent via email - [Barbara.brandt@us.af.mil](mailto:Barbara.brandt@us.af.mil)

Re: Right of Entry for Access to Pease International Tradeport Property

Dear Ms. Brandt:

This Right of Entry will authorize Department of the Air Force ("Air Force") and its agents and contractors to enter upon a portion of the above referenced Premises (see Exhibit A) for the purpose of conducting, at its sole risk, site investigation, wetlands delineation and survey work in connection with the planned removal of abandoned fuel pipelines on property owned by Pease Development Authority ("PDA"). No other use is authorized without the express written consent of the Pease Development Authority.

This Right of Entry shall be valid from October 16, 2017 through April 15, 2018 (the "Term"). This Right of Entry shall terminate at midnight on April 15, 2018 unless extended by the agreement of the Parties.

The use, occupation and maintenance of the Premises shall be: (a) without cost or expense to the PDA; (b) subject to the general supervision and approval of the PDA; and (c) subject to such rules and regulations as the PDA may prescribe from time to time.

1. The Air Force understands and acknowledges that this Right of Entry; (a) allows only temporary use of the facilities; (b) is granted on a non-exclusive basis; and (c) may be revoked at will by PDA or terminated at will and that PDA need not state a reason for any such revocation or termination. The use of the Premises shall be orderly and efficient, shall not constitute a nuisance and shall not cause disruption to other Airport activities.

2. The Air Force understands and acknowledges that during the Term, Air Force shall coordinate its work schedule with the PDA's Engineering Department to ensure that the ongoing operations at the Tradeport are not unduly disrupted.



3. PDA shall not be responsible for damages to property or injuries to persons which may arise from or be attributable or incident to the condition or state or repair of the Premises, or the use and occupation thereof, or for damages to the property or injuries to the person of the Air Forces' officers, agents, servants or employees, or others who may be on the Premises at their invitation or the invitation of any one of them.

4. In accordance with the Federal Tort Claims Act and to the extent permitted by law, the Department of the Air Force agrees to assume all risks of loss or damage to property and injury or death to persons by reason of or incident to the possession and/or use of the Premises, or the activities conducted by it under this Right of Entry.


5. The Air Force and its contractors expressly waive all claims against PDA for any such loss damage, bodily injury or death caused by or occurring as a consequence of such possession and/or use of the Premises or the conduct of activities or the performance of responsibilities under this Right of Entry.

6. The Air Force agrees to require its contractor's to provide proof of insurance coverage by its contractors in the minimum amounts and in accordance with the coverage terms set forth in Exhibit B to this Right of Entry.

7. No ground disturbing activities may occur without written approval from PDA Engineering through a PDA Dig Permit.

Please indicate by your signature or the signature of a duly authorized representative, the consent of Air Force to the terms of this Right of Entry and return the same to me in advance of the commencement of the Term.

Sincerely,



David R. Mullen,  
Executive Director

Agreed and accepted this 11<sup>th</sup> day of OCTOBER, 2017

Dept. of the Air Force

By: James E. Fitzpatrick  
Duly Authorized

**JAMES E. FITZPATRICK, P.E., CFM**  
**DEPUTY DIRECTOR, INSTALLATIONS**  
**DIRECTORATE**

cc: Maria J. Stowell, Manager of Engineering  
Mark H. Gardner, Deputy General Counsel  
Ron Mack via email - [rmack@caest.com](mailto:rmack@caest.com)



EXHIBIT "A"

PREMISES

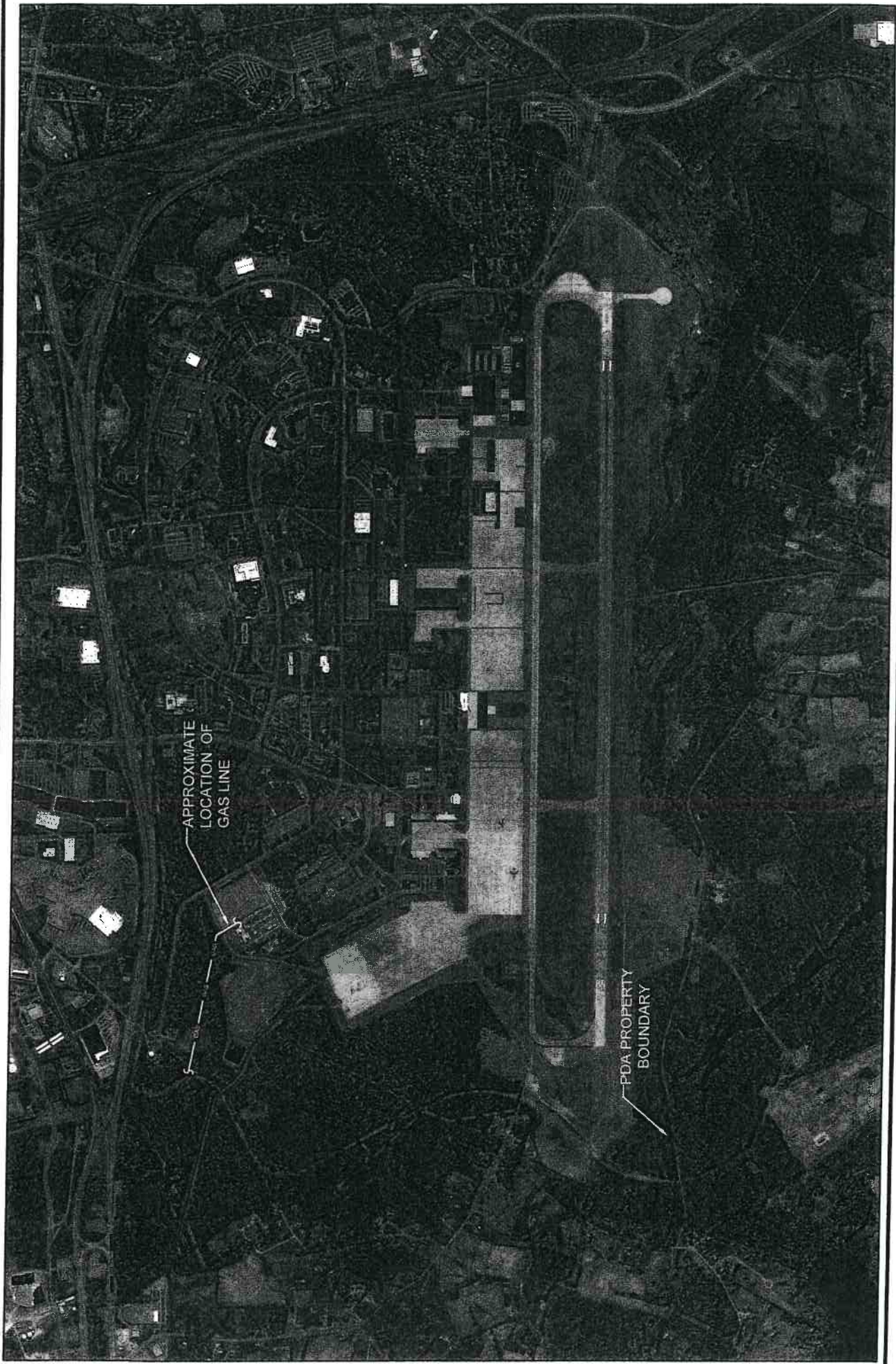


Exhibit Depicting Air Force Right of Entry

DESIGNED BY: MRM

DATE: 10/11/17

SCALE: 1"=2000'



**PEASE DEVELOPMENT AUTHORITY**

© 2017 Pease Development Authority

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801

EXHIBIT "B"

INSURANCE REQUIREMENTS FOR CONTRACTORS

**TO: ALL SUBCONTRACTORS AND/OR AGENTS**  
**RE: MINIMUM REQUIREMENTS OF CERTIFICATES OF INSURANCE FOR CONTRACTORS/SUBCONTRACTORS WORKING ON PROPERTY OF PEASE DEVELOPMENT AUTHORITY AT PEASE INTERNATIONAL TRADEPORT**

All subcontractors and/or any agents thereof are required to provide proof of insurance to the Pease Development Authority ("PDA") before the commencement of any work on property of PDA at Pease International Tradeport. The following are the minimum requirements for insurance coverage:


1. **Commercial General Liability:** Two (2) million dollars commercial general liability coverage **per occurrence**; and Two million dollars **per project aggregate**.
2. **Automobile Liability:** One (1) million dollars automobile liability coverage.
3. **Workers Compensation:** Coverage equal to minimum statutory levels as required by New Hampshire State law.
4. **Environmental/Pollution Liability:** As required by activities which give rise to the necessity for such coverage in a minimum amount of \$1,000,000 **per occurrence** and \$1,000,000 **per project**.
5. **Professional Liability:** As required by activities which give rise to the necessity for such coverage and in such amounts as determined by PDA from time to time.
6. **Additional Insureds:** Pease Development Authority must be named as additional insured under all liability coverages.
7. **Notice of Cancellation:** A 30 day notice of cancellation (with the exception of a 10 day notice for non-payment of premium) must be provided.
8. **Waiver of Subrogation.** With the exception of workers compensation coverage, a statement that a waiver of subrogation is included with respect to applicable coverage.
9. **Primary Insurance.** A provision that any liability coverage required to be carried shall be primary and noncontributing with respect to any insurance carried by the PDA.
10. **Certificate Holder:** Pease Development Authority  
55 International Drive  
Portsmouth, NH 03801

If you have any questions, please call the Pease Development Authority Legal Department at (603) 433-6348.

PA\INSURANCE FORMS\InsMemo\2 million - contractors\InsMemContractorOnlyTradeport.doc



MEMORANDUM

To: Pease Development Authority Board of Directors  
From: David R. Mullen, Executive Director   
Date: October 19, 2017  
Re: Sublease between 75 New Hampshire, LLC and Global Aquaculture Alliance, Ltd.

In accordance with the "Delegation to Executive Director: Consent, Approval of Sub-sublease Agreements" adopted by the Board on August 8, 1996, I am pleased to report that PDA has approved of a sublease between 75 New Hampshire, LLC ("75NHLLC") and Global Aquaculture Alliance, Ltd. ("GAA") for 13,050 square feet at 85 New Hampshire Avenue for a period of seven years with one seven (7) year option effective September 11, 2017. GAA will use the subleased premises for general office use.

The Delegation to Executive Director: Consent, Approval of Sub-subleases provides that:

"A Sub-sublease Agreement subject to this delegation of authority shall not be consented to, approved or executed unless all of the following conditions are met:


1. The use of the Subleased Premises associated with the sublease is permitted under the original sublease;
2. The sublease is consistent with the terms and conditions of the original Sublease;
3. The original Sublessee remains primarily liable to Sublessor to pay rent and to perform all other obligations to be performed by Sublessee under the original Sublease; and
4. The proposed Sublessee is financially and operationally responsible."

Conditions one through three have been met. As to condition four, PDA relies on 75NHLLC's continued primary liability for payment of rent and other obligations pursuant to the PDA/75NHLLC Sublease.

The Delegation to Executive Director: Consent, Approval of Sub-sublease Agreements also requires the consent of one member of the PDA Board of Directors. In this instance, Director Lamson was consulted and granted her consent.

P:\TWO\INTL\75 New Hampshire LLC\Board\GlobalAquaculture 1017.docx

MEMORANDUM

To: Pease Development Authority Board of Directors  
From: David R. Mullen, Executive Director   
Date: October 19, 2017  
Re: Sublease between 222 International, Limited Partnership and Accellion, Inc.

In accordance with the Delegation to Executive Director: Consent, Approval of Sub-sublease Agreements adopted by the Board on August 8, 1996, I am pleased to report that PDA has approved of a sublease between 222 International, Limited Partnership ("222ILP") and Accellion, Inc. ("Accellion") for 3,310 square feet at 195 New Hampshire Avenue for a period of three years, effective September 12, 2017. Accellion will use the premises for general office use.

The Delegation to Executive Director: Consent, Approval of Subleases provides that:

"A Sublease Agreement subject to this delegation of authority shall not be consented to, approved or executed unless all of the following conditions are met:

1. The use of the Subleased Premises associated with the sublease is permitted under the original sublease;
2. The sublease is consistent with the terms and conditions of the original Lease;
3. The original Lessee remains primarily liable to Lessor to pay rent and to perform all other obligations to be performed by Lessee under the original Lease; and
4. The proposed Sublessee is financially and operationally responsible."

Conditions one through three have been met. As to condition four, PDA relies on 222ILP's continued primary liability for payment of rent and other obligations pursuant to the PDA/200ILP Sublease.

The Delegation to Executive Director: Consent, Approval of Sub-sublease Agreements also requires the consent of one member of the PDA Board of Directors. In this instance, Lamson was consulted and granted her consent.

P:\TWOINTL\222 International\Board memos\Accellion 0917.docx

MOTION

Director Preston:

The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute an extension of Lease Amendment No. 4 with Port City Aircraft Repair, Inc. ("Port City") for the purpose of extending the Port City Ground Handling Agreement from October 1, 2017 through September 30, 2018 with four (4) one (1) year options on the terms and conditions set forth in the Eleventh Extension of Lease Amendment No. 4 attached hereto and subject to all other terms and conditions of the Lease and Ground Handling Agreement remaining in full force and effect.

N:\RESOLVES\2017\PCAgroundhandling 1017.docx

**MEMORANDUM**

To: David R. Mullen, Executive Director  
From: Mark H. Gardner, Deputy General Counsel *MHG*  
Date: October 10, 2017  
Re: Port City Aircraft Repair, Inc./Ground Handling Agreement

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Port City Aircraft Repair, Inc. ("Port City") has served as a Fixed Base Operator at Portsmouth International Airport at Pease from its 104 Grafton Road location since 2001. One of the numerous services which Port City provides is ground handling services for aircraft which use the Airport's Air Passenger Terminal Building.

As proposed, the extension of the Ground Handling Agreement will be for a period of one (1) year made retroactively effective from October 1, 2017. The Agreement will also include four (4) one (1) year options to extend through September 30, 2022, which options may be exercised upon written approval of the Executive Director.

A sampling of the services provided by Port City under the Agreement is attached to this memorandum.

At the October 19, 2017 meeting of the Board, please request approval to enter into the Eleventh Extension of Lease Amendment No. 4 of the Port City Lease upon substantially similar terms and conditions set forth in the attached draft.

P:\PortCityAircraft\Board\GroundHandlingAGR101917.docx



ELEVENTH EXTENSION OF LEASE AMENDMENT NO. 4  
[Ground Handling Services]

Lessor: Pease Development Authority (“Lessor” or “PDA”)  
Lessee: Port City Aircraft Repair, Inc. (“Lessee” or “Port City”)  
Premises: 104 Grafton Drive, Pease International Tradeport, Portsmouth, NH  
Lease Date: Effective October 11, 2001

---

This Eleventh Extension of Lease Amendment No. 4 is made effective October 1, 2017, by and between the above referenced Lessor and Lessee:

WHEREAS, by Lease Amendment No. 4, Lessor and Lessee amended the Lease to allow Lessee to provide ground handling services at the international/domestic passenger terminal (the “Terminal”) at the Airport;

WHEREAS, by extension of Lease Amendment No. 4, said Lease Amendment was previously extended through September 30, 2017;

WHEREAS, Lessee has requested that it be permitted to extend Lease Amendment No. 4 through September 30, 2018, and that Lessee be granted four (4) one (1) year options periods to extend the Lease Amendment;

WHEREAS, on October 19, 2017, the PDA Board of Directors agreed to extend Lease Amendment No. 4 for a period of one (1) year from October 1, 2017 through September 30, 2018; and authorized four (4) one (1) year options to extend Lease Amendment No. 4, subject to terms and conditions set forth below;

NOW, THEREFORE, Lessor and Lessee agree for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, that Lease Amendment No. 4 be amended on the following terms:

1. The term of Lease Amendment No. 4 is hereby extended through September 30, 2018.
2. Lessee is granted four (4) one (1) year options to extend Lease Amendment No. 4 through September 30, 2022 which options may be exercised subject to the written approval of the PDA Executive Director for each respective option period. Lessee shall provide PDA with a minimum of ninety (90) days advance written notice of the intent to exercise each option.
3. All the other terms and conditions of the Lease, as amended, shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Eleventh Extension of Lease Amendment No. 4 effective the date first above written.

Lessee: PORT CITY AIRCRAFT REPAIR, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Lessor: PEASE DEVELOPMENT AUTHORITY

By: \_\_\_\_\_  
David R. Mullen, Executive Director

STATE OF NEW HAMPSHIRE: ss.  
COUNTY OF ROCKINGHAM

On this \_\_\_ day of \_\_\_\_\_, 2017, before me, \_\_\_\_\_, the undersigned officer, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the \_\_\_\_\_ of Port City Aircraft Repair, Inc. and on oath stated that he was authorized to execute this instrument and acknowledged it to be his free and voluntary act for the uses and purposes set forth herein.

\_\_\_\_\_  
Notary Public  
Printed Name: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

STATE OF NEW HAMPSHIRE: ss.  
COUNTY OF ROCKINGHAM

On this \_\_\_ day of \_\_\_\_\_, 2017, before me, \_\_\_\_\_, the undersigned officer, personally appeared David R. Mullen, personally known to me (or proved to me on the basis of satisfactory evidence) to be the Executive Director of the Pease Development Authority and on oath stated that he was authorized to execute this instrument and acknowledged it to be his free and voluntary act for the uses and purposes set forth herein.

\_\_\_\_\_  
Notary Public  
Printed Name: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

## ARTICLE 9C

### GROUND HANDLING SERVICES AND EQUIPMENT TO BE PROVIDED BY SUBLESSEE

9C.1 During the Amendment No. 4 Term, Sublessee shall provide air transportation companies, including charter operators, with a full range of ground handling services as specifically set forth in Chapter 8, Section AHM 810 - Annex A of the International Air Transport Association's Airport Handling Manual, 18th Edition (or any successor edition), attached hereto and incorporated herein as Exhibit I (the "Services" or "Ground Handling Services"), at the Terminal or at such other location as shall be determined by the Airport Manager, which services include but are not limited to the following:

- A. General Representation Services: such as may be required by air transportation companies to act on their behalf with local governmental authorities.
- B. Communications: such as compiling, dispatching and receiving all messages in connection with services provided; and providing and operating suitable means of communication between aircraft on the ground and the ground station.
- C. Traffic Services: such as handling documents, e.g. loading instructions, load sheets, balance charts, manifests, etc., in accordance with federal, state and local or international regulations.
- D. Passenger and Baggage Handling: such as passenger check in and ticketing, enplanement/deplanement, arrival and departure information, baggage handling, skycap services, storage of baggage, passenger assistance including specialized passenger transportation and boarding equipment, weighing, tagging and conveying baggage and carrier seat allocation. Sublessee shall provide skycap assistance service within the Airport Baggage Claim and Federal Inspection Service facilities as may be required.
- E. Cargo Handling Services: for import-export, transfer and mail, including the essential equipment necessary to accept bulk, containerized, pallet type cargo, special cargo (e.g. perishables, live animals, and valuables, etc.), transportation to warehouse and customs handling.
- F. Loading and Unloading Services: including the loading, stowing and securing of loads and all related ramp handling.

- G. Aircraft Cleaning: as required, including disposal of international trash, and toilet service and replenishment of drinking water, using water supply vehicle truck of model and type, inspected and approved by, maintained and operated in accordance with U.S. Health Department Regulations.
- H. Aircraft Handling: such as attending arrivals and departures, marshalling, parking, providing headsets, performing ground to cockpit communication, providing passenger steps, suitable ground power unit, starting unit and air conditioning unit, and moving of aircraft with suitable towing equipment.
- I. Aircraft Servicing: such as cooling and heating, snow and ice removal, requiring suitable deicing equipment, cabin equipment and routine maintenance or inspection.
- J. Flight Operations: flight preparation, post-flight activities and air-ground communications.



MOTION

Director Lamson:

The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into Amendment No. 4 of the Terminal Lease & Airfield Operating Agreement with Allegiant Air, LLC ("Allegiant"); in accordance with the memorandum from Mark H. Gardner, Deputy General Counsel, dated October 10, 2017, and upon substantially similar terms and conditions contained in draft Lease Amendment No. 4, attached hereto.

N:\RESOLVES\Resolves\2017\Allegiant-LeaseAmdNo.docx

**MEMORANDUM**

To: David R. Mullen, Executive Director

From: Mark H. Gardner, Deputy General Counsel *MHG*

Date: October 10, 2017

Re: Allegiant Air, LLC

---

Pease Development Authority entered into a Terminal Lease and Airfield Operating Agreement with Allegiant Air, LCC (“Allegiant”) in October of 2013. Since that time, Allegiant has provided air passenger service from Portsmouth International Airport at Pease (PSM) to several destinations in Florida. These destinations have included, at different times, Sanford-Orlando, Punta Gorda, St. Petersburg and Fort Lauderdale. This past summer, Allegiant began offering seasonal summer service to Myrtle Beach, South Carolina.

Allegiant’s existing agreement with PDA is set to expire on November 7, 2017. At this time, Allegiant has indicated that it will continue to provide service to Sanford-Orlando and Punta Gorda. Additionally, it is highly probable that Allegiant will offer seasonal service to St. Petersburg/Clearwater and Myrtle Beach, subject to demand.

At the October 19, 2017 meeting of the Board, please request approval to enter into Amendment No. 4 to the Terminal Lease and Airfield Operating Agreement upon substantially similar terms and conditions set forth in the attached draft of Amendment No. 4.

P:\ALLEGiant AIR\Board Memos\TerminalLeaseAMD 101917.docx

TERMINAL LEASE & AIRFIELD OPERATING AGREEMENT  
AMENDMENT NO. 4

Lessor: Pease Development Authority (“Lessor” or “PDA”)

Lessee: Allegiant Air, LLC (“Lessee”)

Premises: Airport Terminal Building, 36 Airline Avenue  
Portsmouth International Airport at Pease (“PSM”)  
Portsmouth, New Hampshire

Lease Date: October 25, 2013

---

This Amendment No. 4 to the Terminal Lease and Airfield Operating Agreement (the “Agreement”) effective November 8, 2017 by and between the above referenced Lessor and Lessee:

WHEREAS, Lessor and Lessee entered into an Agreement on October 25, 2013 which Agreement had a term commencement date of November 8, 2013 (the date on which Lessee began air passenger service at Portsmouth International Airport at Pease).

WHEREAS, Lessee desires to extend its Agreement for one additional year through November 7, 2018 and Lessor has agreed to the same;

NOW, THEREFORE, Lessor and Lessee agree for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, that the Agreement be amended as set forth below:

- a.) Article 3, Section 3.1 is amended to extend the Agreement through November 7, 2018.
- b.) Article 4.A.1., entitled “Lessee’s Service Obligations” is deleted in its entirety and replaced with the following language:

Lessee shall exercise best efforts to continue commercial passenger air transportation services from PSM. For a period of one (1) year following the commencement of such operations, Lessee will schedule on an annual or seasonal basis, direct departure and return flights between the following airports: Portsmouth International Airport at Pease (PSM) and Sanford-Orlando (SFB), Punta Gorda (PGD), St. Petersburg-Clearwater International Airport (PIE) and Myrtle Beach (MYR). Notwithstanding the foregoing, Lessee may seasonally adjust service on its routes and temporarily suspend, reduce or increase service during times when demand for service fluctuates.

- c.) All other terms and conditions of the Agreement, as amended, shall remain in full force and effect and shall continue to be binding upon the Parties.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Amendment No. 4 on \_\_\_\_\_, 2017.

Lessee: ALLEGIANT AIR, LLC

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Lessor: PEASE DEVELOPMENT AUTHORITY

By: \_\_\_\_\_

Print Name: David R. Mullen

Its: Executive Director

STATE OF NEVADA  
COUNTY OF CLARK

On this \_\_\_\_ day of \_\_\_\_\_, 2017, before me, \_\_\_\_\_, the undersigned officer in and for said County and State, personally appeared \_\_\_\_\_, known to me (or proved to me on the basis of satisfactory evidence) to be the \_\_\_\_\_ of Allegiant Air, LLC, and on oath stated that he was authorized to execute this instrument and acknowledged it to be his free and voluntary act for the uses and purposes set forth herein.

\_\_\_\_\_  
Notary Public  
Printed Name: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

STATE OF NEW HAMPSHIRE  
COUNTY OF ROCKINGHAM

On this \_\_\_\_ day of \_\_\_\_\_, 2017, before me, \_\_\_\_\_, the undersigned officer in and for said County and State, personally appeared David R. Mullen, personally known to me (or proved to me on the basis of satisfactory evidence) to be the Executive Director of the Pease Development Authority and on oath stated that he was authorized to execute this instrument and acknowledged it to be his free and voluntary act for the uses and purposes set forth herein.

\_\_\_\_\_  
Notary Public  
Printed Name: \_\_\_\_\_  
My commission expires: \_\_\_\_\_





**PEASE**  
INTERNATIONAL

55 International Drive, Portsmouth, NH 03801

DEVELOPMENT  
AUTHORITY

**MEMORANDUM**

TO: Pease Development Authority Board of Directors  
FROM: David R. Mullen, Executive Director *[Signature]*  
RE: Contract Reports  
DATE: October 19, 2017

\*\*\*\*\*

In accordance with Article 3.9.1.1 of the PDA Bylaws, I am pleased to report the following:

1. Project Name: Lithonia Lighting  
PDA Obligation: \$1,878.06  
Board Authority: Treasurer Allard  
Summary: Replace eight LED lights at the Golf Course at Pease

P:\BOARDMTG\2017\Contractrpt 1017.docx



## FEATURES & SPECIFICATIONS

**INTENDED USE** — Inspired by classic fluorescent strip channels, this LED fixture offers a traditional appearance that incorporates the latest technology. Available in several color temperatures, lumen packages and lengths. Ideal for use in commercial, retail, office, warehouse and display applications. Certain airborne contaminants can diminish integrity of acrylic and/or polycarbonate. Click here for Acrylic-Polycarbonate Compatibility table for suitable uses.

**CONSTRUCTION** — Compact-design channel and cover are formed from code-gauge cold-rolled steel. Easy to install row aligner bracket included for contiguous row mounting.

Finish: High-gloss, baked white enamel (standard).

**OPTICS** — LEDs provide 80+ color rendering index (CRI) at 3500 K, 4000 K and 5000 K. Diffuse polycarbonate lens provides smooth, linear illumination which is designed to resemble the classic look of traditional fluorescent lamps.

Lumen output exceeds 1,000 lumens per foot. Luminaire should be installed in applications where ambient temperatures do not exceed maximum ambient operating temperature of 95°F (35°C).

**ELECTRICAL** — This fixture is tested to withstand a maximum line surge of 2.5kV/2kA ring wave for indoor locations. Also tested to withstand a maximum line surge of 2kV/1kA combination wave for indoor locations. For applications requiring higher level of protection additional surge protection must be provided.

**INSTALLATION** — Fixture may be surface or suspension mounted with appropriate mounting options (see accessories). Aligner locks in place for easy continuous row mounting.

**LISTINGS** — CSA certified to US and Canadian safety standards and listed suitable for damp locations. Minimum starting temperature at -40°F (-40°C). Maximum ambient operating temperature of 95°F (35°C).

DesignLights Consortium® (DLC) qualified product. Not all versions of this product may be DLC qualified. Please check the DLC Qualified Products List at [www.designlights.org/QPL](http://www.designlights.org/QPL) to confirm which versions are qualified.

**WARRANTY** — 5-year limited warranty. Complete warranty terms located at: [www.acuitybrands.com/CustomerResources/Terms\\_and\\_conditions.aspx](http://www.acuitybrands.com/CustomerResources/Terms_and_conditions.aspx)

Note: Actual performance may differ as a result of end-user environment and application.

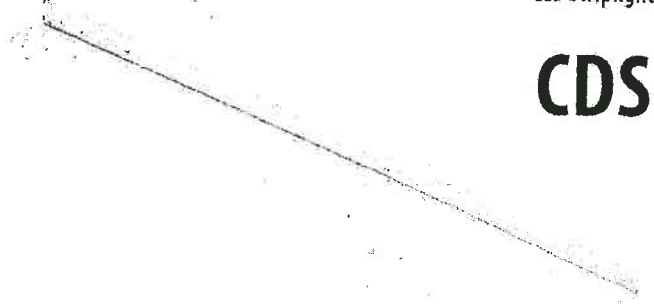
All values are design or typical values, measured under laboratory conditions at 25°C.

Specifications subject to change without notice.

Catalog Number
Notes
Type

LED Striplight

CDS



### ORDERING INFORMATION

Lead times will vary depending on options selected. Consult with your sales representative.

Example: CDS L48 MVOLT DM 40K 80CRI WH

Series	Length	Voltage	Driver	Color temperature	Color rendering index	Options	Finish
CDS LED striplight	L24 24"	MVOLT 120-277V	DM 0-10V dimming	35K 3500 K	80CRI 80 CRI	(blank) None	WH White
	L48 48"	347 347V		40K 4000 K	90CRI 90 CRI	PLR1LVG Plug-in wiring low voltage	
	L96 96"			50K 5000 K			

Accessories: Order as separate catalog number.

HC36	Chain hanger and jack chain, 36" (pair)
ZACVH	Aircraft cable 10' (one pair)
SQ	Swivel-stem hanger (specify length in 2" increments)



Rockingham Electrical Supply Co Inc  
 437 Shattuck Way  
 NEWINGTON NH 03801  
 603-436-2310 Fax 603-436-9665

Quotation

QUOTE DATE	QUOTE NUMBER
09/19/17	S2708939
QUOTE TO: Rockingham Electrical Supply Co Inc 437 Shattuck Way NEWINGTON NH 03801 603-436-2310 Fax 603-436-9665	PAGE NO.  1 of 1



QUOTE TO:  
 PEASE DEVELOPMENT AUTHORITY  
 7 LEE STREET  
 PORTSMOUTH, NH 03801

SHIP TO:  
 PEASE DEVELOPMENT AUTHORITY  
 7 LEE STREET  
 PORTSMOUTH, NH 03801

CUSTOMER NUMBER	CUSTOMER ORDER NUMBER	RELEASE # / JOB NAME	WRITER	
3351	8' LED'S		Bill Gerry	
REQUESTED BY	SHIP VIA	TERMS	VALID THROUGH	
	BID	DISCOUNT 10TH, NET 25TH	10/19/17	
ORDER QTY	DESCRIPTION	NET PRICE	UOM	EXT PRICE
14ea	LITH CDS-L96-MVOLT-DM-40K-80CRI-WH ** Special Order Item ** TAXES NOT INCLUDED	134.147	e	1878.06

*DM* 9/21/17

Special orders are non-returnable. Order placement is subject to credit approval.  
 Pipe and wire prices are in effect at time of order. Return materials must have prior  
 approval. Return charges may be assessed up to 50%. All claims for shortages or  
 errors must be made within 2 business days. Past due invoices subject to 2% service  
 charge.

Subtotal	1878.06
S&H CHGS	0.00
<b>Amount Due</b>	<b>1878.06</b>

MOTION

Director Loughlin:

The Pease Development Authority Board of Directors approves of and authorizes the Executive Director to enter into a contract with Moulison, LLC in a total amount not to exceed \$28,000.00 for replacement of LED lights on the poles and the painting of the poles at Skyhaven Airport; all in accordance with the memorandum of Maria J. Stowell, P.E., Engineering Manager, dated October 11, 2017, attached hereto.


In accordance with the provisions of RSA 12-G:8 VIII, the Board justifies the waiver of the RFP requirement based on the following reasons:


1. The replacement of the lights is an emergency situation and advertising and bidding the project would unduly delay the required replacement work which needs to be attended to as soon as possible; and
2. The painting of the light poles is necessary but is not an emergency, however, the cost of mobilizing the equipment rental, it is most economical to have it done at the same time as the light replacement.

Note: This motion requires 5 affirmative votes.



## MEMORANDUM

To: David R. Mullen, Executive Director 

From: Maria J. Stowell, P.E., Engineering Manager 

Date: October 11, 2017

Subject: Skyhaven Airport Obstruction Poles and Lights

Skyhaven Airport has four 115 foot tall poles with obstruction lights, which identify tall trees on the westerly side of the runway. Two of the four pole lights have burned out. Moreover, all four of the poles are in need of painting.

PDA's workers compensation insurance coverage does not allow employees to work in situations that involve accessing significant heights. For this reason, we asked Moulison, LLC to quote a price to replace the lights and paint the light poles. Moulison has performed similar work at Portsmouth and Skyhaven Airports with good results. The cost for this work would be \$25,600, broken down as follows:

Labor and materials to replace lights on four poles	\$10,100
Labor and materials to paint four poles	\$ 7,000
Rental of high reach lift	<u>\$ 8,500</u>
Total	\$25,600

Adding a contingency of about 9% would increase the amount to \$28,000.

The light replacement is an emergency situation and should be expedited. We cannot afford the time it would take to advertise and bid the project and I request that you seek approval for this work in accordance with the Delegation for Emergency Repairs.

The light pole painting work, while not technically an emergency, should be addressed soon. We believe the painting could be economically accomplished by combining it with the light replacement. A major cost of the work is the equipment rental and substantial savings could be realized by using the same contractor with a one-time rental.

At next week's meeting, please ask the Board to approve an expenditure up to \$28,000 to hire Moulison, LLC to replace the obstruction lights and paint the obstruction poles at Skyhaven Airport. In doing so, the Board would be waiving the requirement to bid the painting portion of the work and would be relying on the Delegation for Emergency Repairs to award the work associated with light replacement.

## MOTION

Director Bohenko:

The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a contract with SSE, LLC dba Great Horizons Property Services & Landscaping ("Great Horizons") of Brentwood, NH, for the purpose of providing snow removal services at Pease International Tradeport for an initial period of one (1) year and four options of one (1) year each on mutually acceptable terms exercisable at the sole discretion of the Executive Director of Pease Development Authority, subject to Great Horizons receiving certification from the New Hampshire Green Snow Pro Certification no later than December 1, 2017; all in accordance with the memorandum of Paul E. Brean, Airport Director, dated October 12, 2017.

N:\RESOLVES\Resolves\2017\SnowPlowing 1017.docx

# Memorandum

**To:** David R. Mullen, Executive Director *DM*

**From:** Paul E. Brean, Airport Director *PEB 10/12/17*

**Date:** 10/12/2017

**Subj:** Snow Removal Services

Pease Development Authority advertised a Request for Proposal for Snow Removal Services at Pease International Tradeport. Snow removal services will be limited to clearing parking spaces and entrance walkways at Pease Golf Course and 55 Corporate Drive.

On October 6, 2017 one (1) qualified bid was received from Great Horizons Property Services and Landscaping, LLC of Brentwood, NH. The following is the completed Bid Form;

Plowing Sanding/Salting Estimated Quantity: 250 hrs (Labor and Equipment)	Unit Price \$ 75.00/vehicle/hr	Total Price \$18,750.00
Sidewalk clearing/salting Estimated Quantity: 300 hrs	Unit Price \$62.00/man/hr	Total Price \$18,600.00
Transport snow to disposal site if Necessary Estimated quantity: 50 hrs (Labor and equipment)	Unit Price \$75.00/loader/hr \$100.00/truck/hr	Total Price \$5,000.00
Sand/salt mixture Estimated quantity: 250 tons	Unit Price \$100.00/per ton	Total Price \$25,000.00
Spring Cleanup	Lump Sum \$4,850.00	
<b>Total Project Cost</b>	<b>\$72,200</b>	

The total project cost was required in the RFP in order to provide a fair bid process. The total cost of winter snow removal will be determined by actual snow fall and hourly charges. The attached hourly rates and bulk supplies fall in line with industry standards. Snow removal expense is budgeted and approved in the FY2018 operating budget.

I request that you seek Board of Directors approval at the October 19, 2017 meeting to approve a contract with Great Horizons Property Services and Landscaping of Brentwood, NH for the purpose of providing snow removal services at Pease International Tradeport. The initial service agreement will consist of a one (1) year contract and four options of one (1) year each on mutually acceptable terms exercisable at the sole discretion of the Pease Development Authority.



**BID FORM**

Proposal of SSE, LLC dba  
Great Horizons Property Services & Landscaping  
(hereinafter called "Bidder"), a [~~corporation~~, LLC]\*, organized under the laws of the State of  
New Hampshire, a [~~partnership, or an individual~~]\* doing business  
as \_\_\_\_\_

\* Strike out inapplicable terms.

To the Pease Development Authority (hereinafter called "Owner").

The Bidder, having examined the specifications and related documents and being familiar with all of the conditions surrounding the proposed project including the availability of the equipment, hereby proposes to furnish the required work in accordance with the Bid Documents, and at the prices stated below. These prices are to cover all expenses incurred in performing the work required under the Contract Documents, of which this proposal is a part.

Bidder acknowledges receipt of the following addenda:

Addendum No. _____	_____ Signature	_____ Date
Addendum No. _____	_____ Signature	_____ Date
Addendum No. _____	_____ Signature	_____ Date

The quantities shown under the description heading in the following table are estimates only. Payments shall be based on actual quantities.

**BID FORM**

Item No.	Description	Amount	
		Unit Price	Total Price
1.	Plowing, sanding/salting Estimated quantity: 250 hrs (Labor and equipment)	\$ <u>75.00</u> /vehicle/hr	\$ <u>18,750.00</u>
2.	Sidewalk clearing, sanding/salting Estimated quantity: 300 hrs (Labor and equipment)	\$ <u>62.00</u> /man/hr	\$ <u>18,600.00</u>
3.	Transport snow to disposal site if necessary Estimated quantity: 50 hrs (Labor and equipment)	\$ <u>75.00</u> /loader/hr \$ <u>100.00</u> /truck/hr	\$ <u>5,000.00</u>
4.	Sand/salt mixture Estimated quantity: 250 tons	\$ <u>100.00</u> /per ton	\$ <u>25,000.00</u>
5.	Spring Cleanup		Lump Sum <u>4,850.00</u>
	TOTAL PROJECT COST	\$ <u>72,200.</u>	

The Contract will be awarded to the qualified Contractor with the lowest bid for the Total Project Cost. The Owner reserves the right to delete any item of work in whole or in part, and to award the Contract to the Bidder deemed by the PDA as most qualified and most capable of completing the work. Equipment will be a consideration.

Name of Bidder: Great Horizons Property Services & Landscaping

By: T Baker  
Authorized Signature

Printed Name/Title: Teri Baker, Operational Manager

Business Address: 324 Route 125  
Brentwood NH 03833

Telephone Number: 603-772-0200

(Seal if Bid is submitted by a Corporation)

## STATEMENT OF QUALIFICATIONS

Attach this statement, fully completed, to the Bid Form and submit to the Owner on the date and time for opening of bids.

All Questions must be answered and the data given must be clear and comprehensive. Where necessary, questions shall be answered on separate attached sheets. The Contractor may submit any additional information he/she desires.

1. Name of Contractor: *SSE LLC dba Great Horizons Property Services & Landscaping*
  - 1.a Contractor is:

Corporation	( )
LLC	( <input checked="" type="checkbox"/> )
Partnership	( )
Individual	( )
  
2. Permanent main office address: *324 Route 125, Brentwood NH 03833*
  - 2.a Treasury Number (Employer's Identification No.): *82-2796881*
  
3. When organized: *Sept 2017*
  
4.
  - a. If a corporation, where incorporated:
  - b. If an LLC, where formed: *New Hampshire*
  
5. How many years have you been engaged in the business under your present firm or trade name? *29 years*
  
6. General character of work performed by your company. *Landscape maintenance, & installation; hardscaping; drainage; grading; snow removal & ice management*
  
7. Have you ever failed to complete any work awarded to you? ( ) Yes (  ) No



324 ROUTE 125  
BRENTWOOD, NH 03833

PROPERTY SERVICES & LANDSCAPING, LLC.

PHONE: 603.772.0200  
FAX: 603.772.0200  
[greathorizons@copper.net](mailto:greathorizons@copper.net)  
[greathorizonslandscaping.com](http://greathorizonslandscaping.com)

**Response to Request for Proposal of  
PEASE DEVELOPMENT AUTHORITY  
For Snow Removal**

**Statement of Qualifications**

Great Horizons Property Services and Landscaping has provided four-season grounds maintenance services to our commercial and residential customers for over 29 years. Located in Brentwood on Route 125, we are very close to Route 101, I-95 and 20 minutes from I-93. Great Horizons currently employs five long-term employees, and prides itself on selecting quality employees resulting in low turn-around. We reward our employees with bonuses, and offer health insurance and an IRA program to aid in employee retention.

Our company holds customer service in the highest regard, and we strive to excel at creating a safe environment for our customers. Some of our customers have been using our services for 13 years or more.

We conduct safety meetings every quarter, and participate in training programs whenever possible to keep our employees informed of new techniques and safety materials available. We provide our employees with OSHA-approved safety materials and maintain strict adherence with rules and regulations.



## Memorandum

**To:** Paul Brean, Airport Director *PB*  
**From:** Sandra McDonough, Airport Community Liaison *SM*  
**Date:** 10/13/2017  
**Subj:** Noise Report for September 2017

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The Portsmouth International Airport at Pease received a total of 113 noise inquiries in September 2017. There were 35 rotor and 78 fixed wing inquiries.

The 35 rotor wing inquiries originated from three Portsmouth residences, one Rye residence and one Newington residence. One Portsmouth resident was responsible for 30 of the 35 rotor wing inquiries. The inquiries were all presumed to be pertaining to Seacoast Helicopters.

The 78 fixed wing inquiries originated from one Newmarket residence, one Portsmouth residence and one Greenland residence. The residence in Newmarket was responsible for 76 of the calls and the residences from Rye and Greenland inquired a single time.

Attached is a copy of the Noise Report for August 2017. Please note call 53 was an input error and cannot be deleted.

# PDA Noise Control Log

For the Period:

9/1/17 to

9/30/17

Call	Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
1	9/1/2017	11:21	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
2	9/2/2017	10:15	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
3	9/2/2017	9:44	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter. TWO PASSES - TWICE THE FUN!	Individual has indicated in the past that a call back is unnecessary.
4	9/4/2017	13:17	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. 16 MINUTES SINCE THE LAST TIME!	Individual has indicated in the past that a call back is unnecessary.
5	9/4/2017	13:05	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
6	9/4/2017	12:16	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. 28 minutes since the last time.	Individual has indicated in the past that a call back is unnecessary.
7	9/4/2017	11:48	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
8	9/8/2017	17:19	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
9	9/8/2017	16:27	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. Again. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.

# PDA Noise Control Log

For the Period:

9/1/17 to

9/30/17

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
10	9/8/2017 11:51	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter. Thanks P.D.A. that a call back is unnecessary.	Individual has indicated in the past that a call back is unnecessary.
11	9/9/2017 11:37	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. 34 minutes since the last time. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
12	9/9/2017 11:03	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. 28 minutes since the last time. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
13	9/9/2017 10:31	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. Again. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
14	9/9/2017 11:55	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. 18 minutes since the last time. DO YOU SEE THE PROBLEM HERE?	Individual has indicated in the past that a call back is unnecessary.
15	9/10/2017 16:53	188 Bayview Newmarket, NH 03857-	Based	PC12	PHONE MESSAGE : Low flying single engine blue/white turbo prop.	Caller has been contacted in the past about their concerns.
16	9/10/2017 10:05	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house.	Individual has indicated in the past that a call back is unnecessary.
17	9/11/2017 13:09	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red tourist helicopter directly over my house again. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
18	9/12/2017 19:09	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.

# PDA Noise Control Log

For the Period: 9/1/17 to 9/30/17

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
19	9/12/2017 17:35	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
20	9/12/2017 17:21	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
21	9/12/2017 18:45	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
22	9/12/2017 18:51	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
23	9/12/2017 18:53	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
24	9/12/2017 18:55	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
25	9/12/2017 19:08	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
26	9/12/2017 19:24	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
27	9/12/2017 19:13	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.



**PDA Noise Control Log** For the Period: **9/1/17** to **9/30/17**

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
28	9/12/2017 19:20	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
29	9/12/2017 19:22	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
30	9/12/2017 19:31	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
31	9/12/2017 19:24	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
32	9/12/2017 19:02	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
33	9/13/2017 22:19	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
34	9/13/2017 22:13	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
35	9/13/2017 22:08	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
36	9/13/2017 14:32	178 Bayview Newmarket, NH 03857-	NonBased	C40	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.

# PDA Noise Control Log

For the Period:

9/1/17 to

9/30/17

Call	Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
37	9/13/2017	6:18	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
38	9/13/2017	20:16	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
39	9/13/2017	21:59	178 Bayview Newmarket, NH 03857-	NonBased	B707	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
40	9/14/2017	12:07	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
41	9/14/2017	22:10	178 Bayview Newmarket, NH 03857-	Based	Challenger	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
42	9/14/2017	12:23	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
43	9/14/2017	11:24	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
44	9/14/2017	19:06	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.

# PDA Noise Control Log

For the Period: 9/1/17 to 9/30/17

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
45	9/14/2017 11:06	280 Bayridge Rd Greenland, NH 03840	Comb Based and NB	general	EMAIL : Planes used to not fly overhead. The last few years there has been an increase of plane noise several times a day/night. We have a rescue dog with PTSD and a baby on the way. Is it possible to go back to the old route instead of this continuous disruptive noise? How would one go about bringing this change? Thank you for your time.	Returned call. No change in traffic patterns but we have had a number of large aircraft in the area in the past couple of months which are more noticable when they are in the pattern at Portsmouth International.
46	9/14/2017 12:07	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
47	9/14/2017 12:23	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
48	9/14/2017 12:45	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
49	9/14/2017 13:29	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
50	9/14/2017 13:33	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
51	9/14/2017 22:31	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
52	9/14/2017 12:06	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.

# PDA Noise Control Log

For the Period: 9/1/17 to 9/30/17

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
53	9/14/2017 11:06	276	Based		EMAIL: Complaint about change in air traffic pattern and frequency of overflights.	SM called 10/10/17
54	9/14/2017 21:43	178 Bayview Newmarket, NH 03857-	Based	PC12	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
55	9/14/2017 21:49	178 Bayview Newmarket, NH 03857-	Based	PC12	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
56	9/14/2017 22:16	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
57	9/14/2017 12:45	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
58	9/14/2017 15:30	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
59	9/14/2017 10:56	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
60	9/14/2017 11:00	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
61	9/14/2017 13:37	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.



# PDA Noise Control Log

For the Period:

9/1/17 to

9/30/17

Call	Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
62	9/14/2017	13:33	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
63	9/14/2017	13:37	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
64	9/14/2017	13:29	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
65	9/14/2017	12:06	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
66	9/15/2017	13:56	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
67	9/17/2017	15:06	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
68	9/21/2017	14:23	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house again. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
69	9/22/2017	10:20	273 Locke Road Rye, NH 03870	Based	Robinson Helicopter	EMAIL : Seacoast Helicopters N184SC landed at 218 Locke Road in the Single Residence District. Parked for 20 minutes Operated by Seacoast Helicopters. This is the second incident that I know of that a helicopter has landed here operated by Seacoast Helicopters. This activity is loud, unsafe and must stop.	Returned call. Helicopters are not restricted to land at only airports. There may be a town ordinance that restricts helicopters from landing there but the Airport operator doesn't control where any aircraft can land. McDonough will follow up with Seacoast Helicopters to see if they have a policy about landing in the town of Rye.

# PDA Noise Control Log

For the Period: 9/1/17 to 9/30/17

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
70	9/22/2017 13:05	278 Beachwood Street Portsmouth, NH 03801	Based	Robinson Helicopter	PHONE MESSAGE : Complaint about helicopter over neighborhood.	Returned call. Caller is frustrated and wants helicopters to have more restriction on where they are able to operate.
71	9/22/2017 16:03	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
72	9/24/2017 11:30	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. Time for the P.D.A. to DO SOMETHING to FIX THIS!	Individual has indicated in the past that a call back is unnecessary.
73	9/24/2017 13:04	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. It is time for the PDA to stop talking about this and actually DO SOMETHING!	Individual has indicated in the past that a call back is unnecessary.
74	9/24/2017 13:44	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. It is time for the PDA to FIX THIS!	Individual has indicated in the past that a call back is unnecessary.
75	9/25/2017 15:26	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. Now it is time for the PDA to FIX THIS!	Individual has indicated in the past that a call back is unnecessary.
76	9/25/2017 18:09	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
77	9/25/2017 21:48	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
78	9/26/2017 20:54	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.

# PDA Noise Control Log

For the Period: 9/1/17 to 9/30/17

Call	Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
79	9/26/2017	21:13	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
80	9/26/2017	21:18	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions. Wants to know why no one returns her calls.	Caller has been contacted in the past about their concerns.
81	9/26/2017	21:19	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions. Claims to be in fear for her life. that aircraft are intentionally targeting her property, that the pilots and controllers are lying about it, and that Pease is intentionally sending aircraft into flocks of birds.	Caller has been contacted in the past about their concerns.
82	9/26/2017	21:28	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions, but more intense. "Nonstop. Nonstop, your planes are targeting my property, thirty seconds, one minute apart, you're not calling me back! It's ah...a hundred feet, two hundred feet over my property, hundreds of birds, you're flying into them. I am afraid for my life."	Caller has been contacted in the past about their concerns.
83	9/26/2017	14:30	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
84	9/26/2017	14:11	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
85	9/26/2017	12:22	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.

# PDA Noise Control Log

For the Period: 9/1/17 to 9/30/17

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
86	9/26/2017 20:47	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
87	9/27/2017 19:55	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
88	9/27/2017 22:08	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions. "You're definitely setting up a death trap here".	Caller has been contacted in the past about their concerns.
89	9/27/2017 21:58	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions. "I've just watched another one of your aircraft deliberately targeting my home knowing that people are here, that people live here. knowingly endangering us". "You've got a real criminal negligence situation on your hands."	Caller has been contacted in the past about their concerns.
90	9/27/2017 21:38	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
91	9/27/2017 20:09	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions. "I can't even imagine what kind of person is deliberately doing what you're doing, but you are doing it, no question about it, sending airplanes into known flocks and hazardous conditions."	Caller has been contacted in the past about their concerns.
92	9/27/2017 20:04	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.



# PDA Noise Control Log

For the Period:

9/1/17 to

9/30/17

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
93	9/27/2017 14:59	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaint of low flying aircraft in hazardous conditions. Complains of calls not being returned.	Caller has been contacted in the past about their concerns.
94	9/27/2017 19:56	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
95	9/27/2017 19:49	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
96	9/27/2017 19:12	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
97	9/27/2017 19:08	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions. "I am extremely concerned for the well being of all the people whose lives can be lost due to you flying into flocks of birds. I have never heard of anything so UNCONSCIENABLE as what you're doing. I fear for my life!"	Caller has been contacted in the past about their concerns.
98	9/27/2017 19:03	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions. "I am fearful for my life". "It sounds like dive bombers"	Caller has been contacted in the past about their concerns.
99	9/27/2017 19:00	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
100	9/27/2017 18:29	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.

# PDA Noise Control Log

For the Period:

9/1/17

to

9/30/17

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
101	9/27/2017 17:44	111 Dodge Avenue Portsmouth, NH 03801-	Unknown	Jets	PHONE MESSAGE : Calling to complain about jets taking off over her house and sounding like World War III.	Let message. No response.
102	9/27/2017 19:45	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
103	9/27/2017 19:58	178 Bayview Newmarket, NH 03857-	Based	K35r	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions.	Caller has been contacted in the past about their concerns.
104	9/28/2017 9:26	279 Fox Point Road Newington, NH 03801	Based	Robinson Helicopter	PHONE MESSAGE : Caller complaining about noise and invasion of privacy by Seacoast Helicopters. Requested call back.	Returned call. Reident is often at home and feels like the helicopters are invading her privacy.
105	9/28/2017 21:55	178 Bayview Newmarket, NH 03857-	Based	C17	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions. "People from the planes terrorizing..., targeting my property"	Caller has been contacted in the past about their concerns.
106	9/28/2017 22:00	178 Bayview Newmarket, NH 03857-	Unknown	C17	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions. "Death is imminent... Loss of property imminent... It's caused by Pease."	Caller has been contacted in the past about their concerns.
107	9/29/2017 15:29	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. 4th time since lunch. FIX THIS!	Individual has indicated in the past that a call back is unnecessary.
108	9/29/2017 14:29	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. The PDA created this problem, and now its time for the PDA to FIX THIS!	Individual has indicated in the past that a call back is unnecessary.

# PDA Noise Control Log

For the Period: 9/1/17 to 9/30/17

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
109 9/29/2017	13:30	155 Ruth Street Portsmouth, NH 03801-	Based	Robinson Helicopter	PHONE MESSAGE : Caller complained about red tourist helicopter flying over.	Caller doesn't require a follow up on each call. He wants his calls logged.
110 9/29/2017	13:24	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. The PDA created this problem, and its up to the PDA to FIX THIS!	Individual has indicated in the past that a call back is unnecessary.
111 9/29/2017	11:31	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. Time for the PDA to FIX THIS!	Individual has indicated in the past that a call back is unnecessary.
112 9/29/2017	15:36	155 Ruth Street Portsmouth, NH 03801-	Based	Robinson Helicopter	PHONE MESSAGE : Complaints of noise, low altitude, several flyovers of house.	Caller doesn't require a follow up on each call. He wants his calls logged.
113 9/29/2017	19:02	178 Bayview Newmarket, NH 03857-	Unknown	unknown	PHONE MESSAGE : Similar to previous general complaints of low flying aircraft in hazardous conditions. "....aircraft coming in from Pease targeting my property...fearful for the lives of tens of thousands of students in the local nearby University of New Hampshire whose lives you are endangering".	Caller has been contacted in the past about their concerns.
114 9/30/2017	16:16	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson Helicopter	EMAIL : NOISE COMPLAINT - Red R-44 tourist helicopter directly over my house. The PDA created this problem, and now its time for the PDA to FIX THIS!	Individual has indicated in the past that a call back is unnecessary.

MOTION

Director Preston:

The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds up to \$23,795.50 for the following legal services rendered to the Pease Development Authority:

1.	Kutak Rock LLP		
	General/Through August 31, 2017	<u>\$266.50</u>	\$266.50*
2.	Sheehan Phinney Bass + Green		
	CLF/Through August 31, 2017	<u>\$23,529.00</u>	<u>\$23,529.00</u>
	Total		<u>\$23,795.50</u>

\*City of Portsmouth will pay the remaining balance

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ANALYSIS - LEGAL FEES  
ENVIRONMENTAL MATTERS

SHEEHAN PHINNEY BASS + GREEN				KUTAK ROCK LLP				
<u>DATE</u>	Haven Well	Conservation Law Foundation	Fiscal Year Total	<u>DATE</u>	Haven Well	Hangar 227	Conservation Law Foundation	Fiscal Year Total
FY18	\$0.00	\$42,911.00	\$42,911.00	FY18			\$11,925.49	\$11,925.49
FY 17	\$0.00	\$212,105.26	\$212,105.26	FY 17	\$16,030.93	\$9,990.00	\$96,720.48	\$122,741.41
FY 16	\$0.00	\$0.00	\$0.00	FY 16	\$14,472.30	\$0.00	\$0.00	\$14,472.30
FY 15	\$2,400.17	\$0.00	\$2,400.17					
FY 14	\$14,604.30	\$0.00	\$14,604.30					
<b>Sub Totals</b>	\$17,004.47	\$255,016.26	\$272,020.73	<b>Sub Totals</b>	\$30,503.23	\$9,990.00	\$108,645.97	\$149,139.20
				*Billing Credit				\$10,480.50
<b>Cumulative Total</b>	\$17,004.47	\$255,016.26	\$272,020.73		\$30,503.23	\$9,990.00	\$108,645.97	\$138,658.70
Through July 2017				Through August 2017				

\*Credits were given on the May 2017 invoices in an amount equal to approximately 11% to reflect overpayments. The credits have not been equally distributed by category.

**KUTAK ROCK LLP**

**WASHINGTON, D.C.**

Telephone 202-828-2400

Facsimile 202-828-2488

Federal ID 47-0597598

September 14, 2017

**Check Remit To:**

Kutak Rock LLP

PO Box 30057

Omaha, NE 68103-1157

**Wire Transfer Remit To:**

ABA #104000016

First National Bank of Omaha

Kutak Rock LLP

A/C # 24-690470

Reference: Invoice No. 2339276

Client Matter No. 294603-1

Suzanne M. Woodland

Deputy City Attorney

City of Portsmouth

1 Junkins Ave.

Portsmouth, NH 03801

Lynn Hinchee

Pease Development Authority

55 International Drive

Portsmouth, NH 03801

Invoice No. 2339276

294603-1

Re: General

For Professional Legal Services Rendered

TOTAL CURRENT AMOUNT DUE

\$644.30

SHEEHAN PHINNEY BASS & GREEN PA  
1000 ELM STREET  
P.O. BOX 3701  
MANCHESTER, NH 03105-3701

SERVICE AND EXPENSE MAILBACK SUMMARY

RE: CLF vs. Pease

-----  
CLIENT/CASE NO. 14713-15395

TOTAL FOR PROFESSIONAL SERVICES RENDERED:	\$20,329.00
TOTAL EXPENSES:	\$3,200.00
	-----
TOTAL THIS BILL:	\$23,529.00
	-----
BALANCE DUE:	\$23,529.00
	-----
	-----

Please return this page with your remittance and please reference the client/case number on all related correspondence.

AMOUNT PAID... \$ \_\_\_\_\_

Date: October 10, 2017

To: David Mullen, Executive Director *DM*

From: Geno Marconi, Division Director *GM*

Subject: Business Development, Nova Scotia

Between September 18<sup>th</sup> and 21<sup>st</sup>, 2017, I traveled to Nova Scotia, Canada to explore business opportunities for the Port of New Hampshire. Accompanying me was Captain Jeffrey Monroe, a marine transportation consultant with HDR, Inc. Captain Monroe has done extensive work in the ports of the Canadian Maritimes and the East Coast the United States and was engaged by the Division to facilitate the various meeting that we attended. A copy of his report is attached for your review.

You will recall that in 2009, you and I traveled to Yarmouth, NS to meet with the Yarmouth Port Director and City Officials to discuss plans that were being formulated to develop the waterfront in Yarmouth. Changes in provincial and city government shortly thereafter caused the plans to be shelved although business interests in Nova Scotia continue to support waterfront development in Yarmouth for the movement of ocean cargo between the U.S. and Canada.

The Port of Halifax is a major port that has very active cargo facilities handling ships that could very well provide such service to New Hampshire.

A key conclusion of the report is that the functional replacement for the loss of the Barge Dock and the existing infrastructure of the Division of Ports and Harbors Market Street Marine Terminal must be rehabilitated in order to develop any ocean freight service between Nova Scotia and the Port of New Hampshire. The Division is progressing with the Functional Replacement and is currently preparing a grant application to U.S. Department of Transportation for funding assistance through the INFA Program.

I will continue to report any developments as the Division continues to discuss and explore opportunities with our trading partners in Canada.





## TECHINICAL MEMORANDUM

### **Development of Commercial Transportation Services Between Portsmouth, NH and Atlantic Canada September 26, 2017**

In mid-September, HDR arranged for a series of key meetings with selected public and private entities that are engaged in maritime commerce in Nova Scotia. These meetings involved the Province of Nova Scotia, a private port and maritime business development professional, Ports of Halifax and Yarmouth, Southwest Nova Scotia trucking interests, international ferry operator, Canadian Ocean Carrier, Yarmouth International Airport and Town of Yarmouth.

The focus of the meetings were to determine if there was a potential for year round cargo movement to and from Nova Scotia, update data from a number of previous studies, develop a general set of strategic objectives for utilization of the Portsmouth Market Street Marine Terminal when fully available again for operations in 2018 and develop some potential investment requirements for upcoming grants available this fall from the federal government.

The meetings were designed to look at potential partnerships between an ocean carrier, Atlantic Canada's principle seaport, Southwest Nova Scotia's traditional seaport and potential shippers and trucking firms that are currently moving cargo to and from New England.

#### **A. BACKGROUND**

The Portsmouth Market Street Marine Terminal has been operating with limited capacity since January 1, 2015. While still able to handle cargo, the main use has been the staging for the construction of the Sarah M. Long Bridge to Maine. In 2014, Grimm Industries, a scrap metal recycling company, left the terminal when their operating contract expired on December 31, 2014. Maine DOT's contractor for demolition and construction was Cianbro Construction who began staging for the project in January of 2015 including the casting of new tower sections required for the replacement bridge. The terminal's 12 acre footprint was reduced by approximately 50% with dedicated space given over to the project for 36 months. The remaining portion of the terminal was used for various cargoes including project cargo, road salt and construction equipment and supplies required for other regional projects not related to the bridge.

Current plans are for the terminal to be free and clear of all bridge project material December 31, 2017 under the terms of the contract. There are some early indications that this date may need to be extended. Due the repositioned location of the new bridge, the marine terminal will

have a number of replacement structures put into place to restore the terminal to full operating functionality. These include a 200 foot replacement pier section including apron, replacement of 300 feet of fendering, dredging the footprint of the old bridge structure and pavement repairs as well as other repairs to be determined. All replacement components should be completed by fall of 2019. In addition, a recent survey of the existing dock indicated declining conditions on portions of the existing pier not caused by the current project and mostly due to age. The pier was built in 1962 and expanded in 1977.

In the meantime, the Port Authority has begun the process of looking at developing commercial activities consistent with the terminals function which is the purpose of this effort.

## **B. REGIONAL PICTURE**

The regional ports in the North American market including Atlantic Canada and New England have been experiencing growth consistent with economic growth in North America. Container traffic is up, bulk petroleum and dry cargo consistent and overall vessel calls slowly increasing<sup>1</sup>.

Halifax, NS-The Port handled nearly 4.5 million metric tons of cargo in 2016 which included in excess of 480,000 TEU's (containerized cargo). Overall container trade is on the rise. The Port connects to 150 countries through its liner and charter operations.<sup>2</sup> The Port hosts three smaller carriers that are appropriate partners for Portsmouth. These include Tropical Shipping which handles cargo between Canada and South America/Caribbean, Eimskip handling cargo between Canada and Iceland/Europe and Oceanex a domestic Canadian carrier which connects ports in Quebec and Atlantic Canada. All of their operating vessels are under 800 linear feet.

Yarmouth, NS-The Port is primarily a fishing and international ferry Port. Southwest Nova Scotia is a large fish harvesting and processing region. General perspective is that a good part of the fish product is exported to the US. The Port also hosts the CAT international ferry running between Canada and Portland, Maine. Multiple services on two services earlier would bring nearly 200,000 passengers and numerous vehicles to the Port. That eventually shifted to a single service on a high speed ferry by 2008. Passenger traffic had dropped to about 1/3 of that by that time due to operator changes and subsidy changes provided by the Province of Nova Scotia. The service was discontinued after subsidies were dropped and then restarted several years ago with an operator of a conventional vessel that was unsuccessful to its business plan. The service was taken up again with Provincial subsidies in 2015 with a new operator, Bay Ferries who had introduced high speed service previously. With 2 years remaining on the operating contract, it is expected the service will continue after the current contract expires. The CAT ferry will exceed 40,000 passengers this year. Of note that in 1970, Portsmouth was consider along with Portland as one of the only two Ports that could accommodate a second service. There was at that time an existing Bar Harbor to Yarmouth

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<sup>1</sup> USACE Waterways Statistics, 2015

<sup>2</sup> Halifax Cargo Reports for 2016

service in place<sup>3</sup>. The Port only handled oil for Irving Oil and no dry cargo except for seasonal truck traffic when a conventional ferry vessel was in operation.

Portland, ME-The Port has undergone a significant resurgence in the past several years in regard to container traffic. Once the largest foreign inbound tonnage port in the United States, most of the in-transit movement of oil through the Port from Europe to Canada has ended. The container trade is growing since Eimskip shifted its Richmond operations to Portland. Expected to handle over 15,000 containers this year, the Port has also added near-dock rail, a drop and pick yard and has invested over \$15 million in improvements in their freight terminal through a combination of federal and state grants. The carrier connects the Port to Iceland and Europe and handles a significant amount of seafood. They are adding a second mobile harbor crane this year and will host a weekly Eimskip service beginning in December.<sup>4</sup>

The Port's cruise ship trade is also growing and the Port is the western terminus for the international high speed ferry. The ferry operation has proven to be awkward for the operator because the ferry is bumped for cruise ships and the loading of passengers is at a remote location when it was intended to be in the main terminal. In addition, the City has not been supportive of truck traffic, staging trucks at a distant location when the conventional vessel was running. Turnaround time has doubled for the ferry's port call which has had a major impact on the vessel's schedule.<sup>5</sup>

Searsport, ME-The Port continues to focus on dry and liquid bulk cargoes and has a large footprint for storage and handling. The facility has direct rail access connecting through Montreal, multiple on site warehouses and a mobile harbor crane. Volume is increasing but the Port has a water depth restriction which has hampered calls by larger ships.<sup>6</sup>

Providence, RI-Like Searsport, mainly focused on dry bulk cargoes, has a large footprint, is rail and highway served and has two new mobile harbor cranes at the facility. Overall cargo growth is up.<sup>7</sup>

Davisville, RI-Mainly focused on automobile imports placing it in the top ten for vehicle imports in the US. The former military base has a very large footprint which is rail served and the Port has a new mobile harbor crane. The former military base hosts an industrial park and will be a support location for the new Long Island Sound offshore wind farm.<sup>8</sup>

Boston, MA-Boston continues to be the largest and most diversified port in New England. Container traffic is up, services are steady and Massport is expanding its container terminal. The container trade fundamentally handles cargo for shippers within the I-495 beltway with

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<sup>3</sup> Port of Portland Records.

<sup>4</sup> Maine Port Authority

<sup>5</sup> Bay Ferries

<sup>6</sup> IBID

<sup>7</sup> Provport

<sup>8</sup> Port of Davisville, RI

most of the rest of New England shippers being serviced out of New York and some out of Montreal. The Port had a connection to Atlantic Canada for a number of years on a feeder service which no longer exists. Portland, ME has been picking up a small amount of that cargo on their trans-Atlantic service.<sup>9</sup>

New Bedford, MA-Remains the highest value fishing port in North America due mostly to scallop landings. There is an active seafood processing industry, mostly moving cargo by truck. There is also an active perishable cargo trade moving through the Port which has been increasing. The Port is building new reefer storage and has just opened a new South Terminal, with 18 acres for handling cargo and offshore wind components.<sup>10</sup>

Eastport, ME-The deepest port on the US East Coast, the Port handles very little cargo due to lack of industry in the area and lack of rail connections.<sup>11</sup>

### **C. SWOT ANALYSIS**

Based on available data, the following Strengths, Weakness, Opportunity and Threat Analysis was conducted for the Market Street Terminal in Portsmouth:

#### Strengths

1. Flexible multi-use facility.
2. Highway connections to all major interstates north and south connecting throughout New England and into New York and Montreal.
3. Close highway access outside of terminal.
4. Rail access connecting to all class 1 railroads serving the region.
5. 1 Hour closer to Boston and New York passenger and cargo markets than Portland.
6. Deepwater berth.
7. Partial expanded dock replacement planned.
8. Truck scale on site.
9. Part 105 certified for international trade.
10. Customs clearance port.
11. Close proximity to the Pease International Tradeport.
12. Foreign Trade Zone on site.
13. Proximity of 35 acres of open storage.
14. Transit shed on site.
15. Well suited for smaller container or multi-purpose ships.
16. Can currently handle 665' vessels and when the bridge is done we will handle the 750' vessels that the navigation project is designed for.

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<sup>9</sup> Massport

<sup>10</sup> Port of New Bedford

<sup>11</sup> Maine Port Authority



### Weaknesses

1. Current availability of full terminal until bridge construction completed.
2. Small footprint.
3. No shore crane equipment.
4. Site pavement repairs required.

### Opportunities

1. Worldwide expansion of container trade taking place that are impacting New England.
2. Alternative container service connection into New England vs. Portland, Boston, New York and Montreal potentially needed.
3. Trade connections with Canada have shifted to other than New England ports such as New York or Montreal. Past services gone but had been growing in use.
4. Portland becoming less supportive of the international ferry trade.
5. Pease International Tradeport relationship positive for Port business growth.
6. New bridges allowing for ease of navigation in harbor.
7. Terminal can be organized to handle various marine cargoes and potential passengers and designed to suit.

### Threats

1. Other New England ports well ahead in planning and development.
2. Potential delays in getting terminal fully up and running.
3. Funding requirements for flexible operations.
4. Lack of equipment to suit carrier needs.
5. Lack of funding for rehabilitation of existing dock

## **D. BUSINESS DEVELOPMENT MEETINGS**

Canadian Provincial Interests-We met with the Minister of Transportation and Infrastructure, his senior staff and the legislative representative from Yarmouth. They were briefed on the concept of a Halifax, Yarmouth, and Portsmouth year round commercial service. There was discussion about the previous services and why they were successful and why they failed between Halifax and New England. They were supportive of the effort and asked to be kept informed regarding progress and if the Province needed to provide any additional support, particularly in Yarmouth.<sup>12</sup>

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<sup>12</sup> Ministry of Transportation and Infrastructure

Trucking Interests-The trucking interests were very particular as to their service requirements. The primary issue they face is the long haul over the Trans-Canada or via the ferry in Digby. In either situation the trip from SW Nova Scotia to New England exceeds 12 hours. Both the US and Canadian regulatory agencies are requiring new electronic log books to prevent individual truck drivers from exceeding a 12 hour shift. In many cases, the trucking companies provide 2 drivers which makes each run very expensive. Trucking costs to Boston can exceed \$10,000. A roll on-roll off operation would be the best solution for SW Nova trucking particularly in relation to the movement of seafood. While a daily service is optimal, there would also need to be strong support from the mainline trucking interests including Midland and Armour. In previous conversations they have indicated a willingness to use such a service as well. Either a drop and pick operation or a service that would allow drivers to remain with the freight on the vessel. A single transit rate of between \$400.00 US and \$500.00 use per truck would be a reasonable rate.

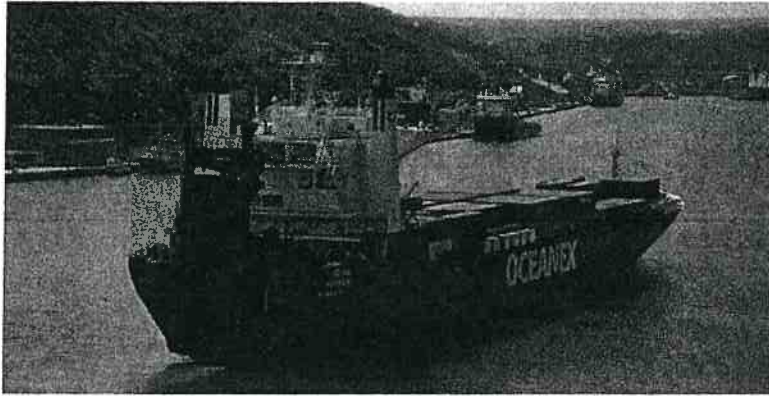
Trucking connections to New England are limited. The current seasonal ferry operating between Yarmouth and Portland, Maine does not take large commercial trucks and the Digby to St. John ferry is limited to about 6 large trucks which may be bumped in favor of personal vehicles. This makes the truck transit very uncertain and seasonal when operations are year round. In addition, the truckers have indicated that Portland is unfriendly to trucking because their terminal is located downtown and trucks were staged in a remote location when the earlier conventional ferry was running and accepted trucks.<sup>13</sup>

Ocean Carriers-HDR was able to secure a meeting with Oceanex. Oceanex is fundamentally a domestic Canadian ocean carrier making connections between St. John's Newfoundland, Montreal QC and Halifax NS. The company also provides trucking services in several Provinces. The company operates combination roll on/roll off and container (CONRO) vessels all of which are under 600 feet and could be accommodated in Portsmouth. While the RO-RO component does not require special equipment, the vessels are not self-unloaders in regard to containers and would require a shore crane. At several of the ports they call, they utilize a mobile harbor crane which can operate at around 25 picks per hour. On average they vessels handle between 100 and 200 boxes per port call.<sup>14</sup>

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<sup>13</sup> Trucker Meeting-Yarmouth, NS

<sup>14</sup> Oceanex



*Figure 1 Oceanex CONRO Vessel*

The operation between Halifax and Portsmouth would be different than the one between Yarmouth and Portsmouth. The Halifax run would be weekly and could include a stop in Yarmouth for non-perishable and non-time sensitive trucks or containers. It is unlikely the carrier could handle fresh product. Yarmouth however does not have a facility capable of handling freight other than small trucks on the current seasonal ferry service. The current ferry facility is set up as a ferry facility and would require extensive redesign to accommodate both ferry operations and freight vessels. In addition, there are draft limitations and lack of land for storage of trucks and processing. Yarmouth also has on site Canadian Customs.

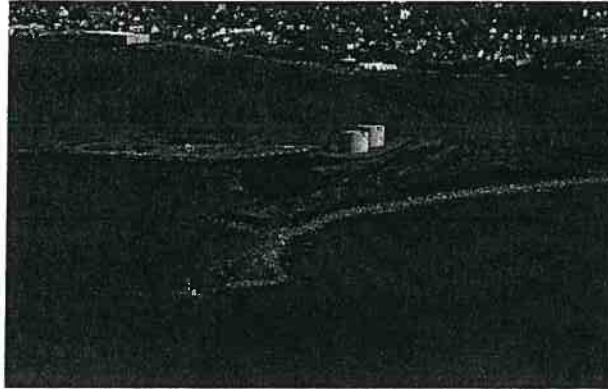


*Figure 2 Yarmouth Ferry Terminal*

To accommodate Oceanex, Yarmouth would be best served by acquiring the former Bunker Island Terminal from current owners Irving if available and converting it into a year-round freight facility. The island is connected to the mainland outside of the town proper, has deep water, is protected from most weather conditions and has adequate land to stage and handle cargo.<sup>15</sup> The oil tanks have recently been removed.

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<sup>15</sup> Yarmouth Master Plan, 2009



*Figure 3 Bunker Island Terminal*

Port and Terminal Operators-The Halifax Port Authority is a non-operating public agency and while supportive of expanded service into the States, does not have any direct control of services offered by the Port. Oceanex calls at the Halterm container terminal and if the carrier can be persuaded to offer a connecting service cargo could be handled at Halterm. Halifax has 25 scheduled liner services worldwide which include Northern Europe (4), Southern Europe (7), Latin/Central/South America-Caribbean (4), Asia (6) and the US (4). A connection to Halifax from Portsmouth would allow shippers access to any of these services. The Port's cargo volume is increasing and in 2016 they handled 480,722 TEU's and almost 4.5 million metric tons of cargo.<sup>16</sup>

Shippers-The most challenging aspect of convincing a carrier to handle cargo is determining the availability of willing shippers who would use their services. Nearly all of the cargo moved to and from New England is handled by truck and over the road traffic appears to be increasing. Based on this and previous studies, shippers moving cargo to appear to fall into one or more of the following categories:

1. Manufactured goods moving into the US from Canadian plants
2. Commodities moving into Canada from US distribution hubs
3. Fresh seafood moving into the Boston and New York market
4. Processed fish product moving north into Canada from the US
5. Frozen seafood moving both directions
6. International transshipments of seafood and consumer commodities moving from Halifax by truck into New England from Europe, Asia and South/Central America.
7. International transshipments moving from Halifax into the US via rail through Montreal and Chicago.

It is unlikely that a single service could accommodate all of the needs of the shippers requiring connections between the US and Canada. A key piece of missing information is the volume of potential cargo that might shift to a marine service. While there are a number of records regarding meetings and discussions about connections between Nova Scotia and New England,

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<sup>16</sup> Halifax Port Authority



an updated shipper origin and destination (O/D) study is needed to potentially attract a carrier. The O/D study would address volume, time frames for shipment and a range of shipper costs.

## **E. CONCLUSIONS**

Portsmouth appears to be in a good position to capture New England-Canadian cargo based on the increasing amount of over-the-road traffic now passing between the two nations. The Market Street Terminal is currently operational but not to its full capacity. Once the bridge work is completed, the harbor will have a safer waterway and the terminal will have a portion of its infrastructure replaced. That puts it in a position to be able to lay the foundation of potentially addressing service needs related to freight shipment which could include year round container service, RO-RO service, CONRO, seasonal ferry service and other freight depending on how the facility is finally reconfigured. Portsmouth's proximity to the highway nodes moving north and south, its geographic position in regard to key markets for fresh product, rail service and the capability at its facility once completed make it a probable location for the expansion of transportation services between the two countries.

## **F. RECOMMENDATIONS**

The following recommendations are provided as action items for the indicated party:

### Portsmouth Port Authority

1. Completion of infrastructure replacements and improvements over the next 18 months
2. Grant application for improvements from federal sources for terminal improvements
3. Grant application from marine highway funding (MARAD) for container handling equipment
4. Local shipper forum in New Hampshire sponsored by the Port Authority to determine the level of interest in moving cargo to and from Canada or through Halifax connections
5. O/D Study to correspond with an effort in Canada to determine potential shippers, volumes and costing for presentation to ocean carriers
6. Informal discussions with Bay Ferries to determine suitability of operating out of Portsmouth
7. Presentation of business case to ocean carriers in spring of 2018

### Yarmouth

1. Review of the availability Bunker Island and suitability for conversion to a cargo facility
2. O/D Study focused on Southwest Nova Scotia shippers to determine requirements, volumes and costing in conjunction with a similar study in the US.

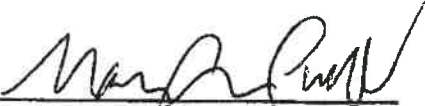
## PARKING LOT USAGE/MAINTENANCE AGREEMENT

Pease Development Authority, Division of Ports and Harbors, ("Lessor" or "Owner"), a state agency created by RSA 12-G:43, I, is the owner of a parking lot located at 315 Market Street, City of Portsmouth, New Hampshire, (Map 119, Lot 5) (hereinafter "Lot"). The Isles of Shoals Steamship Company, Inc., ("Lessee"), Lessee of 315 Market Street, hereby enter into this agreement with the City of Portsmouth, a municipal corporation with an address of 1 Junkins Avenue, Portsmouth, New Hampshire (hereinafter "City" or "Sublessor") with respect to certain parking spaces located in the parking lot located at 315 Market Street (hereinafter "Parking Lot"). Lessee and the City are entering into this parking agreement ("Agreement") for the purposes and under the terms and conditions contained herein.

1. This Agreement shall commence on November 1, 2017 and continue in effect until April 30, 2018.
2. During the period in which this Agreement is in effect, the Fifty-One (51) parking spaces in the Parking Lot shown on the attached plan shall be available at the direction of the City for the purpose of allowing employees of the downtown area who have purchased a parking permit for the Parking Lot (hereinafter "Employees"). (See plan attached and incorporated hereto as Exhibit A).
3. The City agrees and represents that the parking permits issued by the City will allow Employees to park in the Parking Lot from Monday through Sunday but will prohibit overnight parking.
4. The City shall post and maintain signage in a manner to be approved by the Owner and Lessee to designate the Fifty-One (51) parking spaces for Employee parking. The signs shall include a prohibition against overnight parking and information about days Employees are permitted to park in the Parking Lot.
5. The City shall have the authority to provide regular and consistent enforcement of its rules and regulations governing the use of these parking spaces during the times stated to ensure that the parking spaces are only being used by authorized permit holders.
6. The City shall plow snow, apply salt and sand, and remove snow as necessary from the Parking Lot in accordance with its normal practices for City parking lots.
7. Except as described in this Agreement, the use of the Parking Lot shall be under the control of the Owner and Lessee.

8. The City shall defend and indemnify the Owner and Lessee for claims caused solely by the City's negligence, and which are within the scope of the City's liability insurance to the extent and under the terms and conditions under which the City itself is entitled to contractual indemnification coverage from the New Hampshire Public Risk Management Exchange, under the terms of its liability coverage document as it may be in effect from time to time.
9. The Parties agree that any compensation paid by the City to Lessee will be determined at the expiration of the term of this Agreement and will be the net parking permit revenues, the difference between gross parking permit revenues less expenses incurred by the City for the following; snow removal operations, parking permit production and administration and parking enforcement. The net parking permit revenues will be paid to Lessee within 45 days after the expiration of the term of this Agreement. The Parties anticipate that these payments shall not exceed \$1,000 per month.
10. This Agreement may be terminated with cause by either Party in the event that either Party fails to maintain its obligations under this Agreement, after being given written notice of such failure and a Thirty (30) day period to cure it. This Agreement may be terminated without cause by either Party with Forty-Five (45) days written notice to the other Party.
11. This Agreement may be renewed annually by agreement of the parties.

**For the City of Portsmouth**



John P. Bohenko, City Manager

Dated: 10/16/17  
 Pursuant to vote of the City Council  
 On November 17, 2014.

**For Lessee**

Isles of Shoals Steamship Company, Inc



By:

Dated: 10-2-17

Pease Development Authority consents to this Parking Lot Usage / Maintenance Agreement entered into between the Lessee and the City.

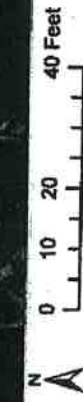
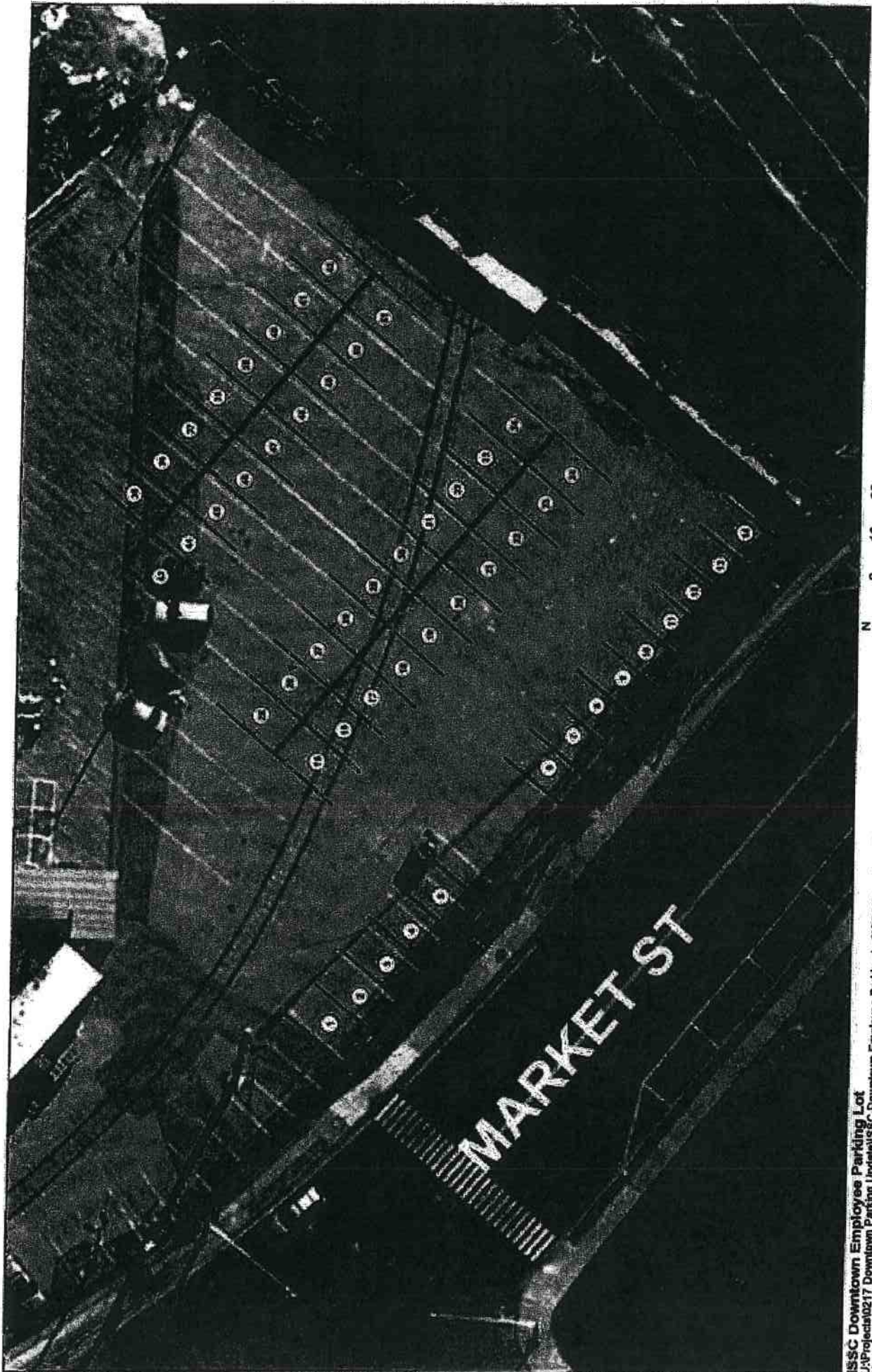
Pease Development Authority



David R. Mullen, Executive Director

Dated: 10/3/17





ISSC Downtown Employee Parking Lot  
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Map prepared by Portsmouth Department of Public Works



MOTION

Director Torr:

The Pease Development Board of Directors hereby authorizes the Executive Director to execute a Right of Entry with Jocelyn Marine Services, Inc. of Salisbury, Massachusetts, to provide boat hauling and launching services at the Hampton Harbor Marine Facility through June 30, 2020, and attached hereto; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated October 9, 2017 attached hereto.

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To: Pease Development Authority ("PDA"), Board of Directors  
From: Geno Marconi, Director   
Date: October 9, 2017  
Subject: Jocelyn Marine Services, Inc., Right of Entry request

The Pease Development Authority, Division of Ports and Harbors has received a request from Jocelyn Marine Services, Inc. to provide boat hauling and launching services at the Hampton Harbor Marine Facility. Jocelyn Marine Services, Inc. will provide a much needed service to the users of the Hampton Harbor Marine Facility which in turn will help increase our winter boat storage business. The initial term of the Right of Entry is effective October 3, 2017 and will expire June 30, 2018. There are 2 renewal options included. Therefore, the Division recommends that the PDA Board of Directors approves the Right of Entry for Jocelyn Marine Services, Inc., in accordance with the following terms and conditions:

**PREMISES:** Hampton Harbor Marine Facility

**PURPOSE:** To haul and launch boats at customer request

**TERM:** Initial Term October 3, 2017 through June 30, 2018  
Renewal Terms July 1, 2018-June 30, 2019  
July 1, 2019-June 30, 2020

**FEE:** \$25 per haul  
\$25 per launch  
The launch/haul fee is waived for vessels that have secured and paid for winter storage at the Hampton Harbor Marine Facility, as it is included in the storage fee.

**INSURANCE:** Minimum insurance coverage to include General Liability Insurance in the amount of \$1,000,000 and \$2,000,000 aggregate; Workers Compensation coverage as required by statute, Automobile Liability coverage in a minimum amount of \$750,000; as the same may be required or appropriate in connection with the individual operations of each entity doing business on state property. Said policy shall name the State of NH, PDA-DPH as additional insured. Coverage amounts and types may change from time to time contingent upon the nature and scope of operations.


MOTION

Director Loughlin:

The Pease Development Authority Board of Directors authorizes the Executive Director to enter into a contract with Appledore Marine Engineering, LLC ("AME"), in a total amount not to exceed \$24,600.00 for the routine condition inspection of the Portsmouth Commercial Fish Pier and approves the expenditure from the Harbor Dredging and Pier Maintenance Fund; all in accordance with the memorandum of Geno J. Marconi, dated October 9, 2017, attached hereto.

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To: Pease Development Authority, Board of Directors

From: Geno Marconi, Director 

Date: October 9, 2017

Subject: Portsmouth Commercial Fish Pier, Routine Condition Inspection

The Division requested and received a proposal from Appledore Marine Engineering, LLC ("AME"), the Division's on-call marine engineers, for a routine condition inspection of the Portsmouth Commercial Fish Pier ("PFP"). The last inspection was completed in December of 2002. The project includes the routine above and underwater inspection of the PFP on Pierce Island. A copy of the proposal is attached for your review.

Therefore, the Division recommends that the PDA Board of Directors approve the expenditure of \$24,600.00 from the Harbor Dredging and Pier Maintenance Fund, appropriated for the project, to Appledore Marine Engineering for the purpose of providing the Division of Ports and Harbors a much needed routine conditional survey of the PFP, all in accordance with the proposal by AME. The current balance of the Harbor Dredge and Pier Maintenance Fund is \$535,178.00.





# Appledore Marine Engineering, LLC

600 State Street, Suite E | Portsmouth New Hampshire 03801

October 4, 2017

Captain Geno Marconi  
Director Division of Ports and Harbors  
555 Market Street, PO Box 369  
Portsmouth, New Hampshire 03802

Re: Proposal to Provide Marine Engineering Services  
**Fish Pier Routine Inspection**

Dear Captain Marconi:

Appledore Marine Engineering, LLC. (AME) is pleased to present this proposal for Marine Engineering services for the above-referenced project. This proposal will discuss the Background, Scope of Services, Schedule of Work and Fee for the services required to complete the work. This project includes the Routine above and underwater inspection of the Portsmouth Fish Pier on Pierce Island, in accordance with this scope of work.

#### **BACKGROUND**

Constructed in 1977 the Portsmouth fish pier provides berthing for the fishing fleet as well as shore support services including unloading cranes, fuel and ice. The original construction included the steel bulkhead and approximately half of the timber pier and the pier was expanded in 1979 to the footprint existing today. Dredging at the fish pier occurred in 1979 and again in 1982. The pier measures approximately 25-feet by 375-feet and consists primarily of cross braced timber piles, pile caps, stringers and decking. This is the first routine inspection known to have been conducted.

This inspection is being undertaken to assess the general condition of the wharf structure and provide recommendations for repairs.

#### **SCOPE OF SERVICES**

The Scope of Services includes document research, coordination with terminal personnel and local marine authorities, and conducting a Routine above and underwater inspection. The findings will be summarized in a report with recommendations and budgetary maintenance and repair construction costs.

AME has identified the following tasks as necessary to complete the scope of work:

*Task 1: Routine Inspection*

This inspection will include a Level 1 inspection that is limited to outwardly visible defects and relying on sampling small percentages from a Level 2 inspection on 10% of the structure to infer overall structural condition. The Level 1 inspection will involve visual/tactile techniques on 100-percent of the above water and underwater elements, as well as a Level 2, detailed inspection, on approximately 10-percent of the underwater elements. The detailed inspection includes cleaning the element at three (3) elevations to remove loose material and marine growth. For timber elements we will obtain pile diameter measurements and cores of a representative sampling of piles. The intent of the field inspection is to identify general defects and modes of deterioration, which will be used to provide overall structural condition assessments and recommendations. Where recommendations are based on sampling on a limited percent of the elements, the findings will be extrapolated to the remainder of the structure to provide budgetary estimate for the anticipated repairs.

The field inspection will be completed by an in-house team of engineer-divers. The team will be led by a licensed professional engineer and all team members will be commercially certified divers. Diving operations will be scheduled around slack tides.

Excluded from this scope of work are utility evaluations, utilities, lights, cranes, towers, piping, ladders and handrails.

*Task 2: Routine Inspection Report*

Following the field inspection outlined in Task 1, AME will prepare a routine inspection report that will summarize the results of the inspection. The report will describe the observed conditions, provide photographic documentation, and outline recommended repair items. Repair recommendations will be phased based on priority taking into account both structural condition and operational capabilities.

**SCHEDULE**

AME understands that this work will need to be coordinated around facility operations and will work with the Port Director to develop a logical time and schedule to perform the field investigation. Upon completion of Task 1, AME will provide a draft report for review within 30 calendar days. AME will issue a final report within one (1) week of receipt of any comments.

**FEES FOR CONSULTING SERVICES**

Fees for Consulting Services will be on a firm fixed fee basis in accordance with the following schedule:

Task 1: Field Inspection	\$ 18,250
Task 2: Routine Inspection Report	\$ 6,350
Total Fixed Fee	\$ 24,600

AME will invoice the PDA-DPH monthly based on the percent completed on the project. Payment will be due within thirty (30) days from the date of invoice. If this letter satisfactorily sets forth your understanding of our agreement, please sign and return a copy to us. Receipt of the signed copy will serve as our Notice to Proceed (NTP).

Thank you for giving us the opportunity to present a proposal for this work and to continue serving PDA-DPH. If you have any questions or require additional information, please do not hesitate to contact me.

Regards,



Noah J. Elwood, P.E.  
President

Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2017

By: \_\_\_\_\_  
For the Pease Development Authority Division of Ports and Harbors

**GENERAL PROVISIONS**  
*January - 2017*

**FEES FOR SERVICES**

1.1 Fees for Engineering Services

Fees for engineering services are based on the rate table detailed in the proposal. The Rate Table for this Project shall be adjusted on January 1<sup>st</sup> of each year.

Fees for pretrial conferences and expert testimony will be billed at two and one-half (2.5) times the rates detailed in the proposal.

1.2 Reimbursable Expenses

Direct, non-salary expenses will be billed at our cost plus ten (10%) percent for overhead. Reimbursable expenses include:

1. Transportation and living expenses incurred for assignments outside the Portsmouth, New Hampshire area.
2. Automobile expenses for personal or company vehicles at the standard mileage rate per IRS Revenue Procedure for travel from our Portsmouth office to the Project and return and for travel at the job in conduct of work. Use of rental cars or trucks.
3. Long distance telephone calls, telegrams and cables.
4. Shipping charges for plans, equipment, etc.
5. Purchase of specialized equipment and rental of equipment from outside vendors.
6. Photographs and video supplies for project records and reproduction of drawings and reports.
7. Computer services provided by outside vendors.
8. Drafting and typing services and other labor provided by outside contract personnel
9. Services of others.

1.3 Services of Others

On occasion, we engage the specialized services of individual consultants or other companies to participate in a project. When considered necessary, these firms or other consultants will be used with our approval. The actual cost plus a 10% service charge must be paid prior to release of the consultant's work.

1.4 Permit Fees

Permit application fees shall be paid directly by the applicant. All applications shall be forwarded to the applicant for signature and issuance of check for fees.

**PAYMENT TERMS**

2.1 Invoices

Invoices for professional engineering services will be submitted once a month and invoices for Services of Others will be submitted upon our receipt of Others invoice for services. Payment will be due **within thirty (30) days** of invoice date. If CLIENT objects to all or any portion of an invoice, CLIENT shall **notify** Appledore Marine Engineering, LLC **within fifteen (15) calendar days** of the invoice date, identify the cause of disagreement and pay when due that portion of the invoice not in dispute.

Interest will be added to accounts in arrears at the rate of one and one-half (1.5%) percent per month (18% per annum) or the maximum rate allowed by law, whichever is less, of the outstanding balance. In the event we engage counsel to collect overdue payments, you will reimburse us for all reasonable attorneys fees and costs of collection.

2.2 Payment

If payment is not made within thirty (30) days from invoice date, we may, after giving seven (7) days written notice, suspend services under this Agreement until we have been paid in full for services and expense charges. Suspension of work will cause an adjustment in the schedule of work.

**ON-SITE CONSTRUCTION SERVICES**

3.1 On-Site Services During Project Construction

Should our services be provided on the job site during project construction, it is understood that, in accordance with generally accepted construction practices, the Contractor will be solely and completely responsible for working conditions on the job site, including safety of all persons and property during the performance of the work and compliance with OSHA regulations and that these requirements will apply continuously and not be limited to normal working hours. Any monitoring of the Contractor's performance conducted by our personnel is not intended to include review of the adequacy of the Contractor's safety measures in, on, or near the construction site. It is further understood that field services provided by our personnel will not relieve the Contractor of his responsibilities of performing the work in accordance with applicable laws and regulations and with the plans and specifications.

3.2 Jobsite Safety

Neither the professional activities of the Consultant, nor the presence of the Consultant or its employees and subconsultants at a construction/project site, shall impose any duty on the Consultant, nor relieve the



**GENERAL PROVISIONS**  
*January - 2017*

General Contractor of its obligations, duties and responsibilities including, but not limited to, construction means, methods, sequence, techniques or procedures necessary for performing, superintending and coordinating the Work in accordance with the Contract Documents and any health or safety precautions required by any regulatory agencies. The Consultant and its personnel have no authority to exercise any control over any construction contractor or its employees in connection with their work or any health or safety programs or procedures. The Client agrees that the General Contractor shall be solely responsible for jobsite and worker safety and warrants that this intent shall be carried out in the Client's contract with the General Contractor.

Since Appledore Marine Engineering has **no** control over the cost of labor, materials, equipment or **services** furnished by others or over the Contractor(s) methods of determining prices or over competitive **bidding** or market conditions, Appledore Marine's opinions of **probably** Total Project Costs and Construction Costs **provided** for herein are to be made on the basis of Appledore Marine's professional judgment as an experienced and qualified professional engineer, familiar with the **construction** industry; but Appledore Marine **Engineering** cannot and does not guarantee that proposals, bids or actual Total Project or Construction Costs will not vary from opinions of probably cost prepared by Appledore Marine. If You wish greater assurance as to Total Project or Construction Costs, You shall employ an independent cost estimator.

*RIGHT OF ENTRY*

4.1 Rights of Entry

Unless otherwise agreed, You will furnish right of entry on the land for us to make the planned investigations. We will take reasonable precautions to minimize damage to the land from our operations, but have not included in our fee the cost of restoration of damage that may result from our operations. Any expense associated with damage restoration will be born by You.

*MISCELLANEOUS*

5.1 Reuse of Documents

All documents, including Drawings and Specifications prepared or furnished by Appledore Marine (and Appledore Marine's independent professional associates and consultants) pursuant to this Agreement, are **instruments** of service in respect to the Project and Appledore Marine Engineering shall retain an ownership and property interest therein whether or not the Project is completed. You may make and retain copies for information and reference in connection with the use and occupancy of the Project by You and others; however, such documents are not intended or represented to be suitable for reuse by You or others on extensions of the Project or any other project. Any reuse without written verification or adaptation by Appledore Marine Engineering for the specific purpose intended will be at your sole risk and without liability or legal exposure to Appledore Marine Engineering or to Appledore Marine's independent professional associates and consultants. You agree to indemnify and hold harmless Appledore Marine Engineering and/or Appledore Marine's independent professional associates and consultants from all claims, damages, losses and expenses including attorney's fees arising out of or resulting therefrom. Any such verification or adaptation will entitle Appledore Marine Engineering to further compensation at rates to be agreed upon by You and Appledore Marine.

5.2 Opinions of Cost

5.3 Termination

The obligation to provide further service under this Agreement may be terminated by either party upon seven (7) days' written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party. In the event of any termination, Appledore Marine Engineering will be paid for all services rendered to the date of termination, all Reimbursable Expenses and terminations expenses.

5.4 Controlling Law

This Agreement is to be governed by the laws of the State of New Hampshire, the principal place of business of Appledore Marine.

5.5 Successors and Assigns

5.5.1 This Agreement binds both you and your partners, successors, and assigns, executors, administrators, and legal representatives.

5.5.2 Neither You nor Appledore Marine Engineering shall assign, sublet or transfer any rights under or interest in (including, but without limitations, moneys that may become due or moneys that are due) this Agreement without the written consent of the other, except to the extent that any assignment, subletting or transfer is mandated by law or the effect of this limitation may be restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement. Nothing contained in this paragraph shall prevent Appledore Marine Engineering from employing such independent professional associates and consultants at Appledore Marine Engineering may deem appropriate to assist in the performance of services hereunder.

**GENERAL PROVISIONS**  
*January - 2017*

5.5.3 Nothing under this Agreement shall be construed to give any rights or benefits in this Agreement to anyone other than You and Appledore Marine Engineering and all duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of You and Appledore Marine Engineering and not for the benefit of any other party.

5.6 Dispute Resolution

5.6.1 In an effort to resolve any conflicts that arise during the design and construction of the Project or following the completion of the Project, the Client and Appledore Marine Engineering agree that all disputes between them arising out of or relating to this Agreement or the Project shall first be submitted to nonbinding mediation.

If nonbinding mediation is unsuccessful, all claims, counterclaims, disputes and other matters in question between the parties hereto arising out of or relating to this Agreement or the breach thereof will be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then existing subject to restrictions and limitations stated in paragraphs 5.6.3 and 5.6.4 below. Other than provided in paragraph 5.6.3, this agreement or consent to arbitrate shall be the sole remedy for any disputes, claims or questions, which arise under this Agreement.

5.6.2 Notice of demand for arbitration must be filed in writing with the other parties to this Agreement and with the American Arbitration Association. The demand must be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event may the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.

5.6.3 All demands for arbitration and all answering statements thereto which include any monetary claim must contain a statement that the total sum or value in controversy as alleged by the party making such demand or answering statement is not more than \$200,000.00. The arbitrators will not have jurisdiction, power or authority to consider or make findings (except in denial of their own jurisdiction) concerning any claim, counterclaim, dispute or other matter in question where the amount of controversy of any such claim, counter claim, dispute or matter is more than \$200,000.00.

5.6.4 No arbitration arising out of or relating to this Agreement may include, by consolidation, joinder or in any other manner, any person or entity who is not a party to this Agreement.

5.6.5 By written consent signed by all parties to this Agreement and containing a specific reference hereto, the limitations and restrictions contained in paragraphs 5.6.3 and 5.6.4 may be waived in whole or in part as to any

claim, counterclaim, dispute or other matter specifically described in such consent.

5.7 Limitation of Design Professional's Liability

Owner hereby agrees that to the fullest extent permitted by law, Design Professional's total liability to owner for any and all injuries, claims, losses, expenses or damages whatsoever arising out of or in any way related to the project or this Agreement from any cause or causes including but not limited to Design Professional's negligence, errors, omissions, strict liability, breach of contract or breach of warranty shall not exceed the total amount of \$50,000.00 or the total fee for the services rendered on the Project, whichever is greater.

5.8 Severability and Reformation

Any provision or part thereof of this Agreement held to be void or unenforceable under any law shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon the parties. The parties agree that this Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision which comes as close as possible to expressing the intention of the stricken provision.

5.9 Standard of Care

In providing services under this Agreement, the Consultant shall perform in a manner consistent with and limited to that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances at the same time and in the same or similar locality. Accordingly, the Client should prepare and plan for clarifications and modifications, which may impact both the cost and schedule of the Project.

5.10 Hazardous Materials Indemnity

The Client agrees, notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, to indemnify and hold harmless the Consultant, its officers, partners, employees and subconsultants (collectively, Consultant) from and against any and all claims, suits, demands, liabilities, losses, damages or costs, including reasonable attorneys' fees and defense costs arising out of or in any way connected with the detection, presence, handling, removal, abatement, or disposal of any asbestos or hazardous or toxic substances, products or materials that exist on, about or adjacent to the Project site, whether liability arises under breach of contract or warranty, tort, including negligence, strict liability or statutory liability, regulatory or any other cause of action, except for the sole negligence or willful misconduct of the Consultant.


## MOTION

Director Allard:

The Pease Development Authority Board of Directors authorizes the Executive Director to enter into a contract with Appledore Marine Engineering, LLC (“AME”), in a total amount not to exceed \$12,793.00 for the design of the replacement of the Vessel Service Power system at the Portsmouth Commercial Fish Pier and approve the expenditure from the Harbor Dredging and Pier Maintenance Fund; all in accordance with the memorandum of Geno J. Marconi, dated October 9, 2017, attached hereto.

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To: Pease Development Authority, Board of Directors

From: Geno Marconi, Director 

Date: October 9, 2017

Subject: Portsmouth Commercial Fish Pier, Vessel Service Power Replacement

The electrical system that provides power to outlets along the berthing area at the Portsmouth Commercial Fish Pier has failed and has been completely shut down. Upon review it has been determined that the existing system cannot be repaired and a complete replacement is necessary due to the conditions of the system and changes to electric code requirements. The Division requested and received a proposal from Appledore Marine Engineering, LLC ("AME"), the Division's on-call marine engineers, for Vessel Service Power Replacement which is attached for your review.

Therefore, the Division recommends that the PDA Board of Directors approve the expenditure of \$12,793.00 from the Harbor Dredging and Pier Maintenance Fund, appropriated for the project, to Appledore Marine Engineering for the purpose of providing the Division of Ports and Harbors base drawings and bid documents; all in accordance with the proposal by AME. The current balance of the Harbor Dredge and Pier Maintenance Fund is \$535,178.00.





# Appledore Marine Engineering, LLC

600 State Street, Suite E | Portsmouth New Hampshire 03801

October 4, 2017

Captain Geno Marconi  
Director Division of Ports and Harbors  
555 Market Street, PO Box 369  
Portsmouth, New Hampshire 03802

Re: Proposal to Provide Engineering Services  
**Vessel Service Power Replacement**  
Portsmouth, Fish Pier  
Portsmouth, NH

Dear Captain Marconi:

Appledore Marine Engineering, LLC. (AME) is pleased to present this proposal for Marine Engineering services for the above-referenced project. This proposal will discuss the Background, Scope of Services, Schedule of Work and Fee for the services required to complete the work. This project includes the Routine above and underwater inspection of the Portsmouth Fish Pier on Pierce Island, in accordance with this scope of work.

## **BACKGROUND**

We understand that the existing electrical service for vessels to power heaters and tools is severely deteriorated and has been shut off. We further understand that an electrician who viewed the system recommended that the system be replaced in its' entirety. This project is intended to replace electrical conductors, conduits, junction box and receptacles to allow vessels to power heaters and small tools.

This proposal is intended to provide the required engineering services.

## **SCOPE OF SERVICES**

AME has selected Oak Point Associates (OPA) to provide electrical engineering to design the required improvements. AME will provide project management, development of base drawings and quality assurance services. The project scope of work is further detailed as follows:

1. Provide 100A, 220V, single-phase, outdoor-rated, panelboard along the right side of the pier. The panelboard shall be fed from existing Panel PDA located within the adjacent building. There are existing conductors between an existing 100A, 2P circuit breaker in PDA and an existing panelboard on the left side of the pier. These conductors shall be removed. New conductors shall be provided between panel PDA and the new outdoor-rated panelboard. Conductors shall be routed within the existing pathway between the building and the handhole at the head of the pier. New conduit shall be provided between the existing handhole and the new outdoor-rated panelboard.
2. The new panelboard shall serve several weatherproof 20A duplex receptacles (10-12 on each

side of the pier). It shall refeed the existing hoist at the end of the pier (20A,1P). The panelboard shall be provided with a 50A,2P breaker for future connection by the Tall Ships, as well as at least 2 spaces.

3. All demolition work, except the removal of the existing feeder conductors between PDA and the existing outdoor panelboard and removal of the existing hoist conductors, will be performed by the Port Authority.
4. The scope of work assumes the existing raceway between panelboard PDA and the existing handhole is reusable, as well as the handhole itself.
5. Oak Point Associates will communicate with the Portsmouth Electrical Inspector regarding any additional requirements. Additional requirements may alter the scope of work.

**SCHEDULE**

We will start work on the proposal immediately after receipt of a written notice to proceed. We estimate 45 days from notice to proceed to have draft documents for PDA review and 7 days to finalize bid documents.

**FEES FOR CONSULTING SERVICES**

Fees for Consulting Services will be on a firm fixed fee basis in accordance with the following schedule:

Task 1: Development of Base Drawings	1,925
Task 2: Electrical Design	7,668
Task 3: Construction Services	3,200
	12,793

AME will invoice the PDA-DPH monthly based on the percent completed on the project. Payment will be due within thirty (30) days from the date of invoice. If this letter satisfactorily sets forth your understanding of our agreement, please sign and return a copy to us. Receipt of the signed copy will serve as our Notice to Proceed (NTP).

Thank you for giving us the opportunity to present a proposal for this work and to continue serving PDA-DPH. If you have any questions or require additional information, please do not hesitate to contact me.

Regards,



Noah J. Elwood, P.E.  
President

Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2017

By: \_\_\_\_\_  
For the Pease Development Authority Division of Ports and Harbors

**GENERAL PROVISIONS**  
*January - 2017*

**FEES FOR SERVICES**

**1.1 Fees for Engineering Services**

Fees for engineering services are based on the rate table detailed in the proposal. The Rate Table for this Project shall be adjusted on January 1<sup>st</sup> of each year.

Fees for pretrial conferences and expert testimony will be billed at two and one-half (2.5) times the rates detailed in the proposal.

**1.2 Reimbursable Expenses**

Direct, non-salary expenses will be billed at our cost plus ten (10%) percent for overhead. Reimbursable expenses include:

1. Transportation and living expenses incurred for assignments outside the Portsmouth, New Hampshire area.
2. Automobile expenses for personal or company vehicles at the standard mileage rate per IRS Revenue Procedure for travel from our Portsmouth office to the Project and return and for travel at the job in conduct of work. Use of rental cars or trucks.
3. Long distance telephone calls, telegrams and cables.
4. Shipping charges for plans, equipment, etc.
5. Purchase of specialized equipment and rental of equipment from outside vendors.
6. Photographs and video supplies for project records and reproduction of drawings and reports.
7. Computer services provided by outside vendors.
8. Drafting and typing services and other labor provided by outside contract personnel
9. Services of others.

**1.3 Services of Others**

On occasion, we engage the specialized services of individual consultants or other companies to participate in a project. When considered necessary, these firms or other consultants will be used with our approval. The actual cost plus a 10% service charge must be paid prior to release of the consultant's work.

**1.4 Permit Fees**

Permit application fees shall be paid directly by the applicant. All applications shall be forwarded to the applicant for signature and issuance of check for fees.

**PAYMENT TERMS**

**2.1 Invoices**

Invoices for professional engineering services will be submitted once a month and invoices for Services of Others will be submitted upon our receipt of Others invoice for services. Payment will be due within thirty (30) days of invoice date. If CLIENT objects to all or any portion of an invoice, CLIENT shall notify Appledore Marine Engineering, LLC within fifteen (15) calendar days of the invoice date, identify the cause of disagreement and pay when due that portion of the invoice not in dispute.

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**ON-SITE CONSTRUCTION SERVICES**

**3.1 On-Site Services During Project Construction**

Should our services be provided on the job site during project construction, it is understood that, in accordance with generally accepted construction practices, the Contractor will be solely and completely responsible for working conditions on the job site, including safety of all persons and property during the performance of the work and compliance with OSHA regulations and that these requirements will apply continuously and not be limited to normal working hours. Any monitoring of the Contractor's performance conducted by our personnel is not intended to include review of the adequacy of the Contractor's safety measures in, on, or near the construction site. It is further understood that field services provided by our personnel will not relieve the Contractor of his responsibilities of performing the work in accordance with applicable laws and regulations and with the plans and specifications.

**3.2 Jobsite Safety**

Neither the professional activities of the Consultant, nor the presence of the Consultant or its employees and subconsultants at a construction/project site, shall impose any duty on the Consultant, nor relieve the

**GENERAL PROVISIONS**  
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General Contractor of its obligations, duties and responsibilities including, but not limited to, construction means, methods, sequence, techniques or procedures necessary for performing, superintending and coordinating the Work in accordance with the Contract Documents and any health or safety precautions required by any regulatory agencies. The Consultant and its personnel have no authority to exercise any control over any construction contractor or its employees in connection with their work or any health or safety programs or procedures. The Client agrees that the General Contractor shall be solely responsible for jobsite and worker safety and warrants that this intent shall be carried out in the Client's contract with the General Contractor.

Since Appledore Marine Engineering has no control over the cost of labor, materials, equipment or services furnished by others or over the Contractor(s) methods of determining prices or over competitive bidding or market conditions, Appledore Marine's opinions of probably Total Project Costs and Construction Costs provided for herein are to be made on the basis of Appledore Marine's professional judgment as an experienced and qualified professional engineer, familiar with the construction industry; but Appledore Marine Engineering cannot and does not guarantee that proposals, bids or actual Total Project or Construction Costs will not vary from opinions of probably cost prepared by Appledore Marine. If You wish greater assurance as to Total Project or Construction Costs, You shall employ an independent cost estimator.

**RIGHT OF ENTRY**

**4.1 Rights of Entry**

Unless otherwise agreed, You will furnish right of entry on the land for us to make the planned investigations. We will take reasonable precautions to minimize damage to the land from our operations, but have not included in our fee the cost of restoration of damage that may result from our operations. Any expense associated with damage restoration will be born by You.

**MISCELLANEOUS**

**5.1 Reuse of Documents**

All documents, including Drawings and Specifications prepared or furnished by Appledore Marine (and Appledore Marine's independent professional associates and consultants) pursuant to this Agreement, are instruments of service in respect to the Project and Appledore Marine Engineering shall retain an ownership and property interest therein whether or not the Project is completed. You may make and retain copies for information and reference in connection with the use and occupancy of the Project by You and others; however, such documents are not intended or represented to be suitable for reuse by You or others on extensions of the Project or any other project. Any reuse without written verification or adaptation by Appledore Marine Engineering for the specific purpose intended will be at your sole risk and without liability or legal exposure to Appledore Marine Engineering or to Appledore Marine's independent professional associates and consultants. You agree to indemnify and hold harmless Appledore Marine Engineering and/or Appledore Marine's independent professional associates and consultants from all claims, damages, losses and expenses including attorney's fees arising out of or resulting therefrom. Any such verification or adaptation will entitle Appledore Marine Engineering to further compensation at rates to be agreed upon by You and Appledore Marine.

**5.2 Opinions of Cost**

**5.3 Termination**

The obligation to provide further service under this Agreement may be terminated by either party upon seven (7) days' written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party. In the event of any termination, Appledore Marine Engineering will be paid for all services rendered to the date of termination, all Reimbursable Expenses and terminations expenses.

**5.4 Controlling Law**

This Agreement is to be governed by the laws of the State of New Hampshire, the principal place of business of Appledore Marine.

**5.5 Successors and Assigns**

**5.5.1** This Agreement binds both you and your partners, successors, and assigns, executors, administrators, and legal representatives.

**5.5.2** Neither You nor Appledore Marine Engineering shall assign, sublet or transfer any rights under or interest in (including, but without limitations, moneys that may become due or moneys that are due) this Agreement without the written consent of the other, except to the extent that any assignment, subletting or transfer is mandated by law or the effect of this limitation may be restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement. Nothing contained in this paragraph shall prevent Appledore Marine Engineering from employing such independent professional associates and consultants at Appledore Marine Engineering may deem appropriate to assist in the performance of services hereunder.



**GENERAL PROVISIONS**  
*January - 2017*

5.5.3 Nothing under this Agreement shall be construed to give any rights or benefits in this Agreement to anyone other than You and Appledore Marine Engineering and all duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of You and Appledore Marine Engineering and not for the benefit of any other party.

5.6 Dispute Resolution

5.6.1 In an effort to resolve any conflicts that arise during the design and construction of the Project or following the completion of the Project, the Client and Appledore Marine Engineering agree that all disputes between them arising out of or relating to this Agreement or the Project shall first be submitted to nonbinding mediation.

If nonbinding mediation is unsuccessful, all claims, counterclaims, disputes and other matters in question between the parties hereto arising out of or relating to this Agreement or the breach thereof will be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then existing subject to restrictions and limitations stated in paragraphs 5.6.3 and 5.6.4 below. Other than provided in paragraph 5.6.3, this agreement or consent to arbitrate shall be the sole remedy for any disputes, claims or questions, which arise under this Agreement.

5.6.2 Notice of demand for arbitration must be filed in writing with the other parties to this Agreement and with the American Arbitration Association. The demand must be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event may the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.

5.6.3 All demands for arbitration and all answering statements thereto which include any monetary claim must contain a statement that the total sum or value in controversy as alleged by the party making such demand or answering statement is not more than \$200,000.00. The arbitrators will not have jurisdiction, power or authority to consider or make findings (except in denial of their own jurisdiction) concerning any claim, counterclaim, dispute or other matter in question where the amount of controversy of any such claim, counter claim, dispute or matter is more than \$200,000.00.

5.6.4 No arbitration arising out of or relating to this Agreement may include, by consolidation, joinder or in any other manner, any person or entity who is not a party to this Agreement.

5.6.5 By written consent signed by all parties to this Agreement and containing a specific reference hereto, the limitations and restrictions contained in paragraphs 5.6.3 and 5.6.4 may be waived in whole or in part as to any

claim, counterclaim, dispute or other matter specifically described in such consent.

5.7 Limitation of Design Professional's Liability

Owner hereby agrees that to the fullest extent permitted by law, Design Professional's total liability to owner for any and all injuries, claims, losses, expenses or damages whatsoever arising out of or in any way related to the project or this Agreement from any cause or causes including but not limited to Design Professional's negligence, errors, omissions, strict liability, breach of contract or breach of warranty shall not exceed the total amount of \$50,000.00 or the total fee for the services rendered on the Project, whichever is greater.

5.8 Severability and Reformation

Any provision or part thereof of this Agreement held to be void or unenforceable under any law shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon the parties. The parties agree that this Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision which comes as close as possible to expressing the intention of the stricken provision.

5.9 Standard of Care

In providing services under this Agreement, the Consultant shall perform in a manner consistent with and limited to that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances at the same time and in the same or similar locality. Accordingly, the Client should prepare and plan for clarifications and modifications, which may impact both the cost and schedule of the Project.

5.10 Hazardous Materials Indemnity


The Client agrees, notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, to indemnify and hold harmless the Consultant, its officers, partners, employees and subconsultants (collectively, Consultant) from and against any and all claims, suits, demands, liabilities, losses, damages or costs, including reasonable attorneys' fees and defense costs arising out of or in any way connected with the detection, presence, handling, removal, abatement, or disposal of any asbestos or hazardous or toxic substances, products or materials that exist on, about or adjacent to the Project site, whether liability arises under breach of contract or warranty, tort, including negligence, strict liability or statutory liability, regulatory or any other cause of action, except for the sole negligence or willful misconduct of the Consultant.

MOTION

Director Bohenko:

The Pease Development Board of Directors authorizes the Executive Director to issue a Right of Entry to NAS Fuels, LLC dba Atlantic Fuels, Inc., for the purpose of fuel dispensing pursuant to the terms and conditions set forth in the memorandum of Geno Marconi, Division Director, dated October 13, 2017, attached hereto.

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Date: October 13, 2017  
To: Pease Development Authority ("PDA"), Board of Directors  
From: Geno Marconi, Director   
Subject: Bulk Fuel Deliveries - ~~NAS Fuels~~, LLC dba Atlantic Fuels, Inc.

The Division of Ports and Harbors ("DPH") has been notified that Atlantic Fuels, Inc. is in the process of being sold and has received a request from the potential buyer, Mr. Rob Wilich, President of NAS Fuels, LLC dba Atlantic Fuels, Inc. for permission to take over the operations of Atlantic Fuels, Inc. of making bulk diesel fuel deliveries directly from their trucks to vessels at Division facilities. Diesel fuel deliveries, over water directly to a vessel from a tank truck, are regulated as follows:

- By the U.S. Coast Guard in accordance with 33 CFR and 46 CFR for vessels whose fuel capacity is 10,500 gallons or more
- By the Office of the State Fire Marshal in accordance with the NFPA 30 for vessels whose capacity is less than 10,500 gallons
- By the PDA for all vessels desiring to receive fuel deliveries from Division properties

The Division has reviewed the request of NAS Fuels, LLC dba Atlantic Fuels, Inc. and recommends that the PDA Board of Directors approve the request and grant a non-exclusive right to sell diesel fuel at Division facilities in accordance with the following terms and conditions:

PREMISES: Hampton Harbor and Rye Harbor Marine Facilities/Portsmouth Commercial Fish Pier/Market Street Marine Terminal

PURPOSE: Sale of diesel fuel only to Party and Charter Boats, Commercial Fishing Vessels and Commercial Vessels

TERM: Commencing on completion of sale transaction through December 31, 2018

FEES: For diesel fuel only sold to Party and Charter Boats and Commercial Fishing Vessels at the Hampton and Rye Marine Facilities and Portsmouth Commercial Fish Pier - \$0.10 per gallon

For fuel (gasoline prohibited) sold to Ships and Commercial Vessels (excluding Party, Charter and Commercial Fishing Vessels) at the Market Street Marine Terminal - \$0.01 per gallon for up to 50,000 gallons and \$0.005 per gallon in the instance where the delivery exceeds 50,000 gallons

INSURANCE:

Minimum insurance coverage, to include Commercial General Liability Insurance in the amount of \$2,000,000.00 with an endorsement for piers, docks and gangway coverage. Workers Compensation coverage to the statutory limits, automobile liability coverage in a minimum amount of \$1,000,000.00 and pollution liability coverage in a minimum amount of \$1,000,000.00 to cover losses arising from fuel spills. With the exception of the Workers Compensation policy, the liability policies shall name PDA-DPH as an additional insured, include a waiver of subrogation in favor of the State of New Hampshire and the PDA-DPH and provide that such coverages shall be primary and non-contributing with respect to any coverage, self-insured or otherwise, which may be carried by the State or PDA-DPH. Amounts and types may change from time to time contingent upon the nature and scope of operations being conducted on PDA-DPH properties. Insurance provided pursuant to the ROE may not be cancelled without providing PDA-DPH with at least thirty (30) days advance written notice.

ADDITIONAL  
TERMS AND  
CONDITIONS:

Proof of compliance with applicable sections of 33 CFR and 46 CFR

Diesel fuel will only be delivered to vessels (less than 10,500 gallon capacity) that have a contractual agreement with the PDA-DPH to receive deliveries including a Variance issued by the Office of the State Fire Marshal in accordance with Bulletin #2015-07

Fuel, (gasoline prohibited) will only be delivered to commercial vessels (greater than 10,500 gallon capacity) at the Market Street Marine Terminal with prior permission of the Division

Diesel fuel (gasoline prohibited) deliveries at the recreational docks at the Hampton and Rye Marine Facilities shall only be between the hours of 5:30 AM and 7:30 AM or after 6:00 PM