

Place: 55 International Drive - Board Conference Room

Watch Meeting Via Live Stream: [https://townhallstreams.com/towns/pease\\_dev\\_nh](https://townhallstreams.com/towns/pease_dev_nh)

**BOARD OF DIRECTORS' MEETING**

**AGENDA**

- I. Call to Order:**
- II. Non-public Session\*: (Levesque)**
- III. Vote of Confidentiality\*: (Fournier)**
- IV. Acceptance of Meeting Minutes: Board of Directors' Meeting of June 17, 2021 \* (Anderson)**
- V. Public Comment:**
- VI. Old Business:**
  - A. Approval:
    - 1. Spyglass Development, LLC - 30 New Hampshire Avenue – Exterior Improvements \* **(Parker)**
- VII. Finance:**
  - A. Executive Summary \*
  - B. Reports:
    - 1. FY2021 Financial Report for the Twelve Month Period Ending June 30, 2021 \*
    - 2. Cash Flow Projections for the Nine Month Period Ending April 30, 2022 \*
  - C. Approval:
    - 1. Service Credit Union, Establishing Account / Resolution Approval \* **(Lamson)**
- VIII. Licenses/ROEs/Easements/Rights of Way:**
  - A. Reports: \*
    - 1. Veterans Count Event – 120 Aviation Avenue & 2 parking lots located at Aviation Avenue & Hampton Street - Right of Entry
    - 2. DGA Productions & MLB Network – Portsmouth International Airport at Pease (PSM) for Commercial Shoot – Right of Entry
    - 3. US Navy – Use of North Apron for Emergency Vehicle Operating Classes (EVOC) through December 31, 2021 - Right of Entry
    - 4. Pease Greeters – Flight Welcome Activities - Right of Entry
    - 5. PROCON, LLC –North Apron - Right of Entry
    - 6. PROCON, LLC – 14 Aviation Avenue (a/k/a Hangar 227) - Right of Entry

7. Herb Gillen Airshows, LLC - Air Show Parking on South Terminal Overflow Apron - Right of Entry
8. Wood Environment & Infrastructure Solutions, Inc. – 35 Airline Avenue - Right of Entry

B. Approval:

1. US Coast Guard – Use of 75 Parking Spaces at 14 Aviation Avenue – Right of Entry \* **(Fournier)**

**IX. Leases:**

A. Report \*:

1. Sublease between 200 International, LP to Optris Infrared Sensing. LLC

**X. Contracts:**

A. Reports \*:

1. Builder’s Risk Insurance – Policy Extension for PSM Terminal Project
2. Golf Course – Convection Double Oven

B. Approvals:

1. OAG Worldwide, LLC - License Agreement \* **(Lamson)**
2. Bobcat of New Hampshire – Tracked Skid Steer Loader \* **(Parker)**

**XI. Signs:**

A. Report:

1. Global Seafood Alliance (fka Global Aquaculture Alliance) - 85 NH Avenue \*

B. Approval:

1. Galvion - 160 Corporate Drive \* **(Levesque)**

**XII. Executive Director:**

A. Reports:

1. Insurance Update
2. Air Show Update
3. Golf Course Operations
4. Airport Operations
  - a) Portsmouth International Airport at Pease (PSM)
  - b) Skyhaven Airport (DAW)
  - c) Noise Line Report
    - (i) June & July 2021 \*

B. Approvals:

1. Bills for Legal Services \* **(Fournier)**
2. Gate 13 – Secured Area Requirements \* **(Lamson)**

**XIII. Division of Ports and Harbors:**

A. Reports:

1. Port Committee Meeting Minutes of October 3, 2019 \*
2. Camera and NRV Replacement at Rye Harbor Marine Facility \*

3. Commercial Mooring Transfer – Walsh to Riley \*
4. Commercial Mooring for Hire – Esther’s Marina \*
5. Commercial Mooring Transfer – Eastman III to McLaughlin \*
6. Commercial Mooring Transfer – Redican to Collins \*

B. Approval:

1. Winter Boat Storage Final Proposed Fee Amendment \* (**Anderson**)

**XIV. New Business:**

**XV. Special Event: \***

**XVI. Upcoming Meetings:**


Golf Committee	September 13, 2021 @ 8:30 a.m.
Finance Committee	September 13, 2021 @ 9:00 a.m.
Board of Directors	September 16, 2021 @ 8:30 a.m.

**All Meetings begin at 8:30 a.m. unless otherwise posted.**

**XVII. Directors’ Comments:**

**XVIII. Adjournment:**

**XIX. 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

RIGHT TO KNOW UPDATE: Effective January 1, 2018, RSA 91-A, the Right to Know Law was modified to include that "If a member of the public body believes that any discussion in a meeting of the body, including in a nonpublic session, violates this chapter, the member may object to the discussion. If the public body continues the discussion despite the objection, the objecting member may request that his or her objection be recorded in the minutes and may then continue to participate in the discussion without being subject to the penalties of RSA 92-A:8, IV or V. Upon such request, the public body shall record the member's objection in its minutes of the meeting. If the objection is to a discussion in nonpublic session, the objection shall also be recorded in the public minutes, but the notation in the public minutes shall include only the members name, a statement that he or she objected to the discussion in nonpublic session, and a reference to the provision of RSA 91-A:3, II, that was the basis for the discussion."

## MOTION

Director Levesque:

The Pease Development Authority Board of Directors will enter non-public session pursuant to NH RSA 91-A:3 for the purpose of discussing the:

1. Dismissal, Promotion, or Compensation of any Public Employee [NH RSA 91-A:3, II (a)];
2. Sale / Lease of Property [NH RSA 91-A:3, II (d)]; and
3. Consideration of Legal Advice provided by Legal Counsel [NH RSA 91-A:3, II (l)].



## MOTION

Director Fournier:

Resolved, pursuant to NH RSA 91-A:3, 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 August 19, 2021, meeting related to Dismissal, Promotion, or Compensation of any Public Employee; Sale / Lease of Property; and the consideration of legal advice from legal counsel are matters which, if disclosed publically, would disclose confidential information and would render the proposed actions ineffective and further agrees that the minutes of said meeting be held confidential until, in the opinion of a majority of the Board of Directors, the aforesaid circumstances no longer apply.

**MOTION**

Director Anderson:

I make a motion to approve the minutes of the Pease Development Authority Board of Directors meeting dated Thursday, June 17, 2021.

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

**Thursday, June 17, 2021**

- Presiding: Kevin H. Smith, Chairman
- Present: Neil Levesque; Erik Anderson; Thomas G. Ferrini; Steve Fournier; Margaret F. Lamson; and Susan B. Parker
- Attending: Paul E. Brean, Pease Development Authority ("PDA") Executive Director; Anthony I. Blenkinsop, Deputy Director /General Counsel; Maria Stowell Engineering Manager; Irv Canner, Finance Director; Suzy Anzalone, Assistant Finance Director; Geno Marconi, Division of Ports and Harbors ("DPH") Director; Scott DeVito, Pease Golf Course General Manager; Greg Siegenthaler PDA, IT Director and Raeline A. O'Neil, Legal Executive Assistant.

**AGENDA**

**I. Call to Order:**

Vice Chairman Levesque ("Levesque") called the meeting to order at **8:31 a.m.**

*Chairman Smith ("Smith") and Director Fournier ("Fournier") were not in attendance at the time the meeting was called to order.*

**II. Non-public Session:**

Director Parker **moved** the **motion** and Director Lamson **seconded** that **the Pease Development Authority Board of Directors will enter non-public session pursuant to NH RSA 91-A:3 for the purpose of discussing:**

1. **Sale or Lease of Real or Personal Property [RSA 91-A:3, II (d)]; and**
2. **Consideration of Legal Advice provided by Legal Counsel [NH RSA 91-A:3, II (l)].**

Discussion: None. Disposition: Resolved by **unanimous (7-0)** roll call vote for; motion **carried**.

The non-public discussions commenced at **8:32 a.m.**

*Director Fournier arrived to the meeting at 8:36 a.m.; Chairman Smith arrived to the meeting at 8:44 a.m.*

Director Fournier **moved** the **motion** and Director Parker **seconded** that **the Board of Directors return to public session at 9:16 a.m.**

### III. Vote of Confidentiality:

Director Lamson moved the motion and Director Levesque seconded that be it resolved, pursuant to NH RSA 91-A:3, 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 June 17, 2021, meeting related to the sale or lease of property and the consideration of legal advice from legal counsel are matters which, if disclosed publically, would render the proposed actions ineffective and further agrees that the minutes of said meeting be held confidential until, in the opinion of a majority of the Board of Directors, the aforesaid circumstances no longer apply.

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

### IV. Acceptance of Meeting Minutes: Board of Directors' Meeting of May 20, 2021

Director Levesque moved the motion and Director Anderson seconded a motion to approve the minutes of the Pease Development Authority Board of Directors meeting dated Thursday, May 20, 2021.

Discussion: Director Lamson ("Lamson") stated she was impressed with the comments made by Mr. Bald who had been the Executive Director and his statement regarding the mid-90s, \$25 million had been invested into the Tradeport as the start up for this project and the \$25 million has been paid back to the State.

Disposition: Resolved by unanimous vote for; motion carried.

### V. Public Comment:

There were no public comments.

Chairman Smith ("Smith") asked the Board about moving item 2 under leases up in the agenda prior to going onto old business. Smith indicated in the interest of the group of individuals who were present for item IX. A. 2. 68 New Hampshire Avenue – Consent to Lease Assignment and Approval of Lease Amendment; all Directors concurred.

#### **68 New Hampshire Avenue – Consent to Lease Assignment and Approval of Lease Amendment**

Director Fournier moved the motion and Director Levesque seconded that the Pease Development Authority ("PDA") Board of Directors hereby:

- a. approves and authorizes the Executive Director to execute a Consent of Sublessor and Agreement Concerning Assignment of Sublease ("Consent") by and between PDA, Cinthesys Real Estate Management, LLC, and Gather, a New Hampshire non-profit corporation, for the premises located at 68 New Hampshire Avenue on substantially similar terms and conditions contained in the draft Consent attached hereto;

- b. **approves and authorizes the Executive Director to enter into Lease Amendment No. 5 (“Amendment”) on substantially similar terms and conditions contained in the draft lease Amendment attached hereto, contingent on the Assignment of the Sublease to Gather; and**
- c. **approves and authorizes such other action(s) and the execution of such other document(s) as shall be necessary or advisable to implement the transaction;**

all as more fully described in the memorandums of Maria Stowell, Engineering Manager dated June 8, 2021 and Paul E. Brean, Executive Director dated June 9, 2021, attached hereto, and incorporated herein.

Discussion: Lamson asked of raised gardens; Blenkinsop indicated this was something that Gather indicated it would like to do with the premises. However, based on review by the PDA staff, raised beds would not be a permitted use as zoning does not authorize agricultural uses. Along with zoning, there are practical reasons this would not be allowed which is contained within Stowell’s memorandum within the packet.

Director Parker (“Parker”) asked how many people Gather had served in its last fiscal year. Deb Anthony (“Anthony”), Executive Director of Gather, spoke on behalf of the attendees to indicate it would be hard to determine, but did state it served 10,000 per month through a variety of programs. Many of the individuals served are in mobile programs. Anthony indicated that the pantry market at the site may average of 75 / 80 people a day.

Disposition: Resolved by **unanimous** vote for; motion **carried**.

## VI. Old Business:

### A. Approval:

#### 1. Lonza Biologics, Inc. – Emergency Generator

Director Fournier **moved** the **motion** and Director Lamson **seconded** that **the Pease Development Authority Board of Directors hereby approves the request for a variance from Part 308.02 (c) of the PDA Zoning Ordinance to allow the installation of an emergency generator with a diesel fuel tank capacity of 3,312 gallons, submitted by Lonza Biologics, Inc. (“Lonza”) and attached hereto, as part of the work to construct a new production suite inside the premises located at 101 International Drive; contingent upon Lonza securing the requisite variance from the City of Portsmouth’s Board of Adjustment for the additional fuel storage associated with the installation of the emergency generator; all in accordance with the memorandum from Maria J. Stowell, P.E., Manager - Engineering dated June 9, 2021.**

Discussion: Lamson asked the location of the generator; Stowell indicated that it would be on the south side / far side of the building as they are fitting up that side of the building.

Director Anderson (“Anderson”) stated the memorandum referenced additional variances in 2015 and 2019 for the storage of diesel fuel; asked how much fuel is stored on the property now. Stowell indicated the



last page of her memorandum shows a spreadsheet which indicates a breakdown of storage tanks and the new request being highlighted. Brean indicated that there is approximately 21,000 gallon capacity at this time on its campus. Anderson asked if Lonza would have to go to DES or would it just be PDA approval; Stowell indicated the variance is needed because PDA's land use controls references a capacity of 2,000 gallons; but there are no wetlands that would require approval. The units are self-contained units and the tank is integral to the unit (it is typically a double walled tank and has containment for the tanks). The greatest risk of spill would be when the tanks are being refilled; there are procedures in place to protect from spills. Anderson asked if an explanation was received as to why Lonza wanted to exceed the 2,000 gallon limitation; Stowell indicated it is due to the size of the generator and the larger tank is necessary. Stowell indicated that Patrick Crimmins was present for Lonza and could answer any additional questions. Stowell stated the production suites take a great deal of power and they need to be able to continue to operate during outages.

Disposition: Resolved by **unanimous** vote for; motion **carried**.

## VII. Finance:

Smith indicated this would be Finance Director Irv Canner's ("Canner") last meeting as he would be retiring. Canner indicated that PDA has done a good job in succession planning as the Board has met Suzy Anzalone ("Anzalone") who is ready to take the torch and move forward in the position.

### A. Executive Summary

Canner indicated he would be speaking to the two financial reports and Anzalone would be speaking to the O & M Budget and the Revolving Loan Fund ("RLF") requests which require approvals.

### B. Reports:

#### 1. FY2021 Financial Report for the Ten Month Period Ending April 30, 2021

Canner stated that the operating revenues are slightly higher than budgeted and the operating expenses are below budget (either COVID related or as a result of timing differences) leaving an end result of PDA's operating income being \$1.5 million greater than anticipated; minimizing the need to go to the RLF (sic Revolving Line of Credit – "RLOC"). Canner also spoke to fee revenues being greater than budgeted due to rounds of golf played. Conversely, Canner spoke to additional impacts such as the decrease in fuel sales primarily due to the closure of the Portsmouth Fish Pier ("PFP"), reduction of the pay-for-parking at PSM and fuel flowage fees as a result of COVID.

Lastly, Canner spoke to operating expenses being below budget; some drivers are open positions within PDA and a lighter winter than anticipated. Canner indicated at this time there are 62 filled positions and there continues to be four open positions. Lamson asked of the two positions open at the airport (security specialist and operations specialist); Executive Director Brean ("Brean") indicated this was due to the impact of COVID. Brean stated that PDA has been able to multitask some positions and would like to keep these airport positions open at this time; PDA has backfilled the maintenance positions.

Vice Chair Levesque ("Levesque") asked of the open position for the Deputy Chief Harbor Master; Brean indicated that position is being actively recruited.

Director Ferrini (“Ferrini”) asked if it was possible to see a line-by-line of salaries of personnel; Brean indicated this could be provided. Ferrini indicated he does not know what would be competitive / non-competitive; Brean indicated it is a competitive hiring market at this time.

Canner spoke to over \$22 million in capital expenditures with offset monies from state or grants from the FAA; while PDA has an available RLOC of \$15 million, it has a current drawdown of \$250,000 and anticipates being able to bring the RLOC down to zero during the next nine months. Canner indicated that PDA is awaiting the pension information from the state and would like to get that booked into FY21.

Canner indicated the external audit has commenced this week which is being performed partially onsite and virtual; there will be a physical inventory performed on June 30<sup>th</sup>; it is anticipated that the auditors will be present. The physical inspection will commence with the fuel and maintenance items; Canner indicated last year, due to COVID, this was performed with a cell phone and the auditors remained virtual while this was performed.

Canner briefly spoke to the various business units and indicated that Skyhaven is operating within budget primarily due to higher fuel sales due to increased fuel consumption.

Ferrini asked of the operating expenses listed on page 14 and asked why Skyhaven is projected out to \$810,000; Canner indicated the \$810,000 is the budget for FY21. Canner further indicated that it probably won't reach that number due to the open positions and milder winter, so anticipate an underrun of the budget.

Anderson asked if at Skyhaven, PDA acted as the FBO for that facility; Brean indicated that there is no FBO at Skyhaven. Further, Brean indicated that PDA has a self-fueling program at that location and the fuel is bought at wholesale and sold at retail. Brean indicated that aside from fueling, only other services provided by PDA at Skyhaven are tie-down and anchoring.

Canner briefly spoke to golf operations and how Pease Golf Course (“PGC”) is above golf budget in terms of golf fees due to rounds of golf played. Canner indicated that YTD golf rounds, this season since the March 26<sup>th</sup> opening, is at 6,000 and this time last year due to COVID PGC was approximately 400 rounds of golf played. Canner indicated that for this year PGC is up by 10.5% due to golf fees; and that Grill 28 sales are starting to turn around and are up by approximately 6%. Further, the simulator fees are well above budget from the prior year by 25%.

Canner spoke of the Division of Ports and Harbors (“DPH”) unrestricted funds and its underruns being driven by the loss of fuel sales at the PFP; indicated it is anticipated that fuel sales will return late summer / early fall.

## **2. Cash Flow Projections for the Nine Month Period Ending February 28, 2022**

The cash flow projections take into account the finishing up of the airport / terminal projects and anticipate no outstanding debt in the fall. During the next nine months it can be seen under use of funds just over \$8 million and grant awards as a source of funds of \$7.2 million.

Ferrini asked if PDA will get to the projected debt of zero; Canner affirmed. Ferrini indicated that while that it is a good thing he asked if PDA was doing enough and if PDA is utilizing its debt capacity or is

there not opportunity (investment / infrastructure) for that. Canner spoke to the May meeting when Anzalone shared the Capital Improvement Program (CIP) which included over \$70 million including grant funding and available projects. The projects were graded (A, B & C) so there would be room to look at infrastructure (i.e.; loop road) while this is not a high priority it is something that the Board might consider given the debt levels and the favorable investment environment. Canner indicated that there are plenty of projects contained in the CIP which could raise to the surface.

Canner spoke to PDA's goal of keeping \$1.5 million available in working capital and interest rates being flat at this time for the RLOC through Provident Bank.

Canner indicated DPH's unrestricted funds will begin to whittle down and collection of fees will commence again during the January/February/March timeframe. Canner indicated that Anzalone will provide more information regarding the RLF, but did state that this helped to save hundreds of jobs and kept the local fishing industry afloat. The demand for loan monies is low and the cash balances are starting to get close to \$300,000, the overall fund balance being \$1.2 million with approximately \$800,000 in outstanding loans.

*Director Levesque left the room at 9:54 a.m. and returned at 9:56 a.m.*

Smith indicated that Canner has been a steady hand at the tiller for quite some time; Canner indicated he has been at PDA for 11.7 years.

### **C. Approvals:**

Anzalone provided background on how the budget is put together prior to delving into the presentation. Initially, Finance meets with the Executive Director to review some of the key assumptions for incorporation into the budget (i.e.; pricing / staffing changes, flights, financial targets etc.). After this discussion, Finance brings the budget and forecast together, starting with an initial forecast for the remaining year. Once a draft is prepared, this information is forwarded to each department / management teams; then individual meetings were held to discuss cost drivers to the business units. Finance then makes appropriate changes to the budget model and looks at several factors (i.e.; reasonableness; significant changes in revenues / expenses and the understanding thereof; financial targets etc.). The draft budget is presented to the Executive Director for a final review prior to presentation to the Board.

Speaking directly to the proposed budget, Anzalone indicated that on the revenue side, PDA budgeted for approximately \$17 million in operating revenue which represents a 4.7% increase over the prior year's budget. Anzalone indicated the revenues are driven by many factors such as golf revenue, fuel flowage increase at Portsmouth International Airport at Pease (PSM), DPH increase in fee structures and anticipation of fuel sales at the PFP; the facility rental was flat this year due to different revenue streams and cash flow adjustments. The operating expense is indicated at \$14 million which is a decrease of just under 2% of the previous year budget with some factors driving this being interest expense, environmental testing (this is an educated guess); and LEO (driven by enplanements). Anzalone also spoke of an anticipated increase in insurance (liability, aviation, property insurance etc.) between 10 to 20%.

Anderson asked if there were a process PDA goes through for insurance; Blenkinsop indicated there is and that the last time PDA went out for a proposal was in approximately 2018 and the Board authorized the use of three different agents for different lines of coverage with a one year agreement with four additional year



options. Blenkinsop indicated in 2022 PDA will be going out to bid again for coverage by insurance agency(ies). Anderson indicated there could be variability by going out to bid; Blenkinsop affirmed and further indicated PDA has seen that the cost of coverage go up and have been advised by current agents of anticipated increase due to COVID.

Parker asked Blenkinsop if he inquired as to the drivers of the increase in rates; Blenkinsop indicated detailed reports had been received. Brean indicated the reference to northeast storms and the rising sea levels being driving factors of the rate increase. Blenkinsop indicated prior to the August meeting he will reach out to PDA's agents and ask what they are seeing in the market; may be able to provide an update to the Board at either the August or September meeting.

Anderson spoke of the 4.7% increase in revenue and a factor being golf course operations; Anzalone indicated it was over the prior budget being COVID driven with individuals wanting to golf which played a role in that increase. Anderson also asked of the percentage average of the rental increase for the 125 leases; Anzalone indicated this would be under the facilities rentals which is where PDA is staying flat. Although an average 2% inflation increase has been calculated, some of PDA's bigger leases will result in a change to some of the cash flows in 2022. Anzalone indicated it is a \$27,000 decrease over the prior year budget. Brean indicated the difficulty in seeing this due to the lease rentals (it comes down to the CPI index).

Anderson asked if there were a projection regarding the fuel flowage increase; Brean indicated it is determined on the amount of fuel pumped but what has been forecasted is \$126,000 for the \$.01 increase.

Anzalone spoke of some key operational items PDA plans to undertake in 2022 and moving forward (being more efficient and control of expenses). Also there are no incremental staffing increases from the current levels and salaries are capped at 3.5% total (COLA of 1.5% and a merit increase of 2%).

Anzalone spoke of the various revenues of the business units:

1. Airport (PSM) – Pay-for-Parking, fuel flowage increase and other incremental fees from concessions. Anderson asked if it were possible to break down the fuel flowage further to indicate charter, commercial, civilian and troop flights to see the development. Brean indicated he thought PSM had the ability to obtain this information in order to categorize the fuel flowage in this manner. Anderson thought it would be interesting to see the developing trends and how it is broken down. Brean indicated he could have this prepared for the next Board meeting.
2. Skyhaven - no changes to the rental rates, but it is 100% occupied with a waitlist.
3. Tradeport - inflation has been budgeted by 2% but that there may be revenue streams that show the Tradeport flat in FY2022.
4. Golf – driven by the rounds of golf played and anticipate 61,000 rounds of golf played for the FY2021 season which goes into FY2022. It is anticipate in the out years it does drop down a little.
5. Grill 28 – agreement for concession and as they get back up to speed after COVID (this will have a direct impact on the concession revenue paid).
6. DPH – increase in pay rate of seasonal employees to \$12.16/hr. to be consistent with other state agencies; however, but there will be an increase to storage fees from \$9/ft. to \$18/ft. which will help to offset the increase to wages. Also, it is anticipated that the PFP will be complete and the fuel will be back online.

Anzalone stated regarding operating income (on a cash basis) and what this means is PDA is excluded non-cash expenses like depreciation (i.e.; in FY22, PDA anticipates a \$3.3 million cash margin and an increase can be seen in the out years). This would be reinvested in capital / Tradeport infrastructure, which will vary from year-to-year depending on projects (either internally funded or by meeting PDA share of a grant).

Parker asked if the CARES Act funding had been built into the budget base; Anzalone indicated it is a onetime event (it is anticipated PDA will receive funds by end of FY21; the grant has been submitted).

Anzalone indicated that the proposed budget is a tight budget and does not contain a lot of fluff. Further she indicated she appreciated the team effort provided by all; the business units are committed to managing and controlling expenses in each of their respective cost centers.

Brean thanked the Board for allowing the succession planning in the Finance Department as it has allowed Anzalone to be brought on early to work with Canner who has a tremendous amount of institutional knowledge. Brean indicated Canner has been critical in some of the large lease deals at the Tradeport and in forecasting of some of the models (i.e.; reset with PCA a couple years ago; Lonza deal). Brean indicated that Canner will be missed, but has left PDA on a good path.

Ferrini stated the operational management and recordkeeping of this complex endeavor is very solid and he looks at it as being high level complex management which is well done. When he looked at marketing, which was not mentioned, he did not see a marketing / business development position in the organizational chart. Ferrini indicated he assumed Brean and others performed this and while it is a lot about managing, he doesn't know where or to what extent \$500,000 (or less) spent on business development/acquisition is reasonable / not reasonable. He does not see a muscular business development section in the organizational chart (i.e.; business planning; growth planning; how to expand etc.). Brean indicated that the unit managers are very skilled in what they do and in the past there had been a critical components of marketing the Tradeport. Brean also spoke to very skilled developers at the Tradeport who have taken on this and the majority of the budget now is more airport service development. Brean affirmed that this budget does not have the marketing aspect included and it is more or less the team that takes on the initiatives (i.e.; potential for a large aviation space to be developed). Ferrini spoke to an Economic Developer and the potential to add more people (jobs / businesses) is there strategic planning (i.e.; is there enough, are more resources needed). Where PDA has the income, is something to think about going forward. Brean completely agrees and values the comments by stating it has been a challenging year due to the pandemic and indicated that the Tradeport would benefit if it were to bring on a role to assist in marketing/development.

Lamson spoke of the early years at the Tradeport and there was forward thinking to long term planning and marketing between the Board and staff (i.e.; informed that marketing golf was done through flyers), but there hasn't been anything put in regarding development.

Parker stated we are in a post COVID 19 world and things regarding global economy are going to be different (i.e.; communication pathways and ceding of positions to other people who can handle the economy and social development) which can be challenging. Further, we should be on the lookout for ways to think about economic and social development planning in ways we have not understood, but it will equal growth.

## 1. Proposed FY 2022 Operating Budget and FY 2023-FY2025 Forecast

Director Ferrini moved the motion and Director Levesque seconded that the Pease Development Authority Board of Directors hereby accepts the recommendation of the Finance Committee and accepts and approves the proposed FY 2022 Operations and Maintenance (O&M) Budget and FY 2023 – FY 2025 O&M Forecast; all in accordance with the documentation submitted by Suzy Anzalone, Assistant Director of Finance, attached hereto and incorporated herein.

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

## 2. Release of the Economic Development Administration’s (“EDA”) Federal Interest in the EDA Revolving Loan Fund

Director Anderson moved the motion and Director Lamson seconded that in accordance with the recommendation of the Revolving Loan Fund (“RLF”) Committee the Pease Development Authority (“PDA”) Board of Directors recommends and approves of a Request for Release of the Economic Development Administration’s (“EDA”) Federal interest in the EDA RLF Award consistent with the requirements of the “Reinvigorating Lending for the Future Act,” contingent upon:

1. The continued use of the funds in offering financial and related assistance to members of the local fishing industry along the New Hampshire Seacoast, and to aid in the creation of economic opportunities in support thereof;
2. The continued role of the RLF Committee with the use of these funds pursuant to the provisions of RSA 12-G:54, as may be amended; and
3. The continued use of the Five Year Revolving Loan Fund Plan as a guide for future strategies, policies, operating rules, and administrative procedures for operating the RLF, as may be periodically updated at the discretion of the RLF Committee and the PDA Board of Directors.

All in accordance with the memorandum of Suzy Anzalone, Assistant Director of Finance dated June 7, 2021.

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

Anderson indicated this program has been around for a considerable amount of time and when it was offered, it was conditionally proposed by EDA with it requiring a 25% contribution from the State. Anderson further indicated New Hampshire is the only state that has a program of this nature that has a relationship with a financial institution in existence.

## VIII. Licenses / ROEs / Easements / Rights of Way:

### A. Report:

1. Pease Aviation Partners, LLC (d/b/a Million Air) – Right of Entry, 53 Exeter Street



In accordance with the “Delegation to Executive Director: Consent, Approval and Execution of License Agreements,” PDA entered into a Right-of-Entry with Pease Aviation Partners, LLC (d/b/a Million Air), west of Hangar 229 (aka 53 Exeter Street) for the purpose of conducting site inspection and survey work on the Premises from June 21, 2021 through December 21, 2021. Director Fournier was consulted and granted his consent.

**IX. Leases:**

**A. Approvals:**

1. **Port City Air – 44 Durham Street Building Addition (Request for Bump Out)**

Director Parker moved the motion and Director Lamson seconded that **the Pease Development Authority Board of Directors hereby authorizes the Executive Director to complete negotiations and execute an Amendment to the Port City Air lease for the construction of a 24’ x 26’ addition to the existing hangar located at 44 Durham Street; all in accordance with the terms and conditions set forth in the memorandum of Maria J. Stowell, P.E., Engineering Manager, dated June 2, 2021.**

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

**X. Contract:**

**A. Approval:**

1. **LeaseQuery – Property Management Software**

Director Anderson moved the motion and Director Lamson seconded that **the PDA Board of Directors approves of and authorizes the Executive Director to complete negotiations and to enter into a contract with LeaseQuery for Property Management Leasing Accounting Software; all in accordance with the memorandum of Suzy Anzalone, Assistant Director of Finance, dated June 8, 2021.**

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

**XI. Signs:**

**A. Approval:**

1. **Temporary Banner Signs – 14 Manchester Square**

Director Levesque moved the motion and Director Lamson seconded that **the Pease Development Authority Board of Directors hereby authorizes the Executive Director to institute a temporary application process for the short-term display of banner flag signs for the purpose of assisting small retail business impacted by the COVID-19 pandemic as they reopen, all in accordance with the Memorandum from Maria J. Stowell, P.E., Manager – Engineering, dated June 9, 2021.**

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

**XII. Executive Director:**

**A. Reports:**

1. **Golf Course Operations**

*Chairman Smith left the room at 10:19 a.m. and returned at 10:21 a.m.*

Scott DeVito (“DeVito”) Pease Golf Course (“PGC”) General Manager stated golf rounds to date are a little over 23,000 for the calendar year, for the FY closing out end of June putting PGC around 72,000 and at this time on pace to pass that figure in FY22.

PGC had purchased new LED ballards for the facility which have been installed by PDA electrician Al Bishop and Todd Kneeland; they also updated all of the parking lot lights.

DeVito also spoke to working with Fishnet regarding the PGC website to update with the inclusion of drone footage that was obtained last year (these improvements went live today).

DeVito indicated that PGC’s superintendent has been working with the City of Portsmouth Deputy Public Works Director Brian Goetz regarding the voluntary water restrictions. PGC is looking at areas where it can turn off water to some areas, looking at growing natural areas going forward. Also, due to the recent weather over Memorial Day weekend and the past couple of days, have turned off the system off for a few days.

Director Fournier (“Fournier”) asked what COVID guidelines are still in place at the golf course (timing difference; distancing in restaurant); DeVito indicated for a comfort level there are some guidelines PGC is still adhering to (i.e.; barriers still set up in the dining room) but there is full capacity outside in the tent and patio. DeVito stated the restaurant association has indicated to continue doing what businesses can (PGC also continued the use of hand sanitizer stations around the facility, sanitizing golf carts and occasionally fogging the building).

Anderson asked if the rough mower had been received yet; DeVito indicated the mower is heading from Minnesota to the dealer in Connecticut.

*Director Anderson left the room at 10:24 a.m. and returned at 10:25 a.m.*

## **2. Airport Operations**

### **a) Portsmouth International Airport at Pease (PSM)**

Brean indicated PSM is out of survival mode and things are starting to trend strongly upward. There have been about 5,000 enplanements for the month of May (split down the middle between charter and Allegiant travel); this equates to about 10,000 people utilizing the terminal facility. Brean reminded the Board that due to COVID last year PSM did not break 40,000 enplanements last year. Also, air traffic is up 35% over 2020 and 20% increase over the last full year prior to the pandemic. This is due to an uptick in corporate travel, PlaneSense’s operation is extremely busy; and advertising technical stops for corporate and military aircraft.

Brean indicated for the month of May the following:

1. Revenue parking had about 650 transactions; and
2. 1.1 million gallons of fuel was pumped.

Brean spoke of a motion before the Board to raise the fuel flowage fee to \$.04/gallon. Brean

indicated this increase will assist with increase to insurance premiums previous discussions as well as the need to assume all expenses (i.e.; IT and Cyber Security) of the US Customs Board & Patrol (exception being labor costs), and custodial operation at the airport to keep it COVID safe.

Also, there are 147 based aircraft at Pease which is solely commercial / private aircraft, plus the 12 KC-46s the ANG has, for a total of 159 based aircraft at PSM (anticipate an increase in the short-term).

Brean spoke of Allegiant's new flights being Nashville, TN and Tampa/St. Pete which have been well received by the local community (weekend flights doing well, working on Sunday enplanements).

The major runway reconstruction is nearing completion (down to the final coat of paint) and Bravo and Charlie taxiways have been repaved. Brean indicated that there is a grant in for additional work but it hasn't been received as of yet.

Lamson indicated residents who have taken the Nashville flight have very positive feedback.

Smith asked whether these flights will continue into the fall; Brean indicated they have been advertised as a seasonal route (out to Labor Day or week thereafter) but that all routes started as seasonal and if the ridership is there it may continue; PSM is trying to make it happen.

Brean indicated it is official that ANG Air Show will be held September 9<sup>th</sup> through 12<sup>th</sup> and PDA is working with the ANG to assist them in putting on a great show; it should be noted that the ANG will be dedicating 10 of the KC-46s during that time period.

**b) Skyhaven Airport (DAW)**

Brean stated return of the summer activity (i.e.; skydiving and the continued uptick of fuel flow) and we have invited flight schools from other airports to use the Skyhaven facility as a transient learning stop where an instructor can work with a student pilot.

**c) Noise Line Report  
(i) May 2021**

Brean informed the Board of four noise inquiries received in May, 2021. Three pertained to fixed wing aircraft and the fourth pertained to a rotor wing aircraft. The fixed wing inquiries originated from Durham, Rye and Portsmouth. The Durham resident's concern was about noise and duration of six F-18's and two support tankers departing in succession to the North heading overseas. The Rye resident's concern was about a Military C-17 cargo aircraft departing to the south at 11:00 PM. The last fixed wing inquiry was from a Rochester resident about continuous noise of aircraft overhead. The noise was from aircraft taking passengers up to Skydive departing from the Lebanon Airport in Maine. The rotor-wing aircraft inquiry was from a Portsmouth resident who lives adjacent to the southeast end of the airfield. The helicopter arrived and departed to the southeast putting the helicopter over the neighborhood. It was a normal take-off and landing but a courtesy phone call was made to Maine Helicopters to ask them to fly the runway heading to avoid the noise sensitive area if possible.

Anderson asked of the discussion held in May for additional parking; Brean indicated Anderson



would be referring to Bottomline Technologies and there was nothing to bring before the Board at this time.

Anderson also asked if there were any additional information to provide the Board concerning the Lonza expansion; Blenkinsop indicated a draft lease was provided to Lonza in May to include the entire parcel (original leased area, the Iron Parcel as well as the recent request for 2.5 acres for additional parking). Anticipate hearing back from them anytime now regarding the negotiations as it is important to get the new lease in place by October 1<sup>st</sup>. Those negotiations will also include discussions regarding the purchase by Lonza of the portion of the building that is still owned by PDA. A fair market value appraisal has commenced on that portion of the building owned by PDA; the appraiser hopes to have the report to PDA by early to mid-July. If Lonza decides to purchase the building it will be necessary to seek a release to purchase that portion of the building. Anticipates there will be additional information provided to the Board at either the August and/or September meetings.

**B. Approvals:**

**1. Bills for Legal Services**

Director Ferrini moved the motion and Director Lamson seconded that **the Pease Development Authority (“PDA”) Board of Directors approves of and authorizes the Executive Director to expend funds in the amount of \$11,832.00 for legal services rendered to the Pease Development Authority from Sheehan Phinney Bass & Green for April 1, 2021 – April 30, 2021 in the amount of \$3,944.00 (for Tradeport General Representation); for April 1, 2021 – April 30, 2021 in the amount of \$7,888.00 (in support of MS4 and CLF settlement implementation) for a total of \$11,832.00 AND to expend funds in the amount of \$10,656.00 for legal services rendered to the Pease Development Authority from Anderson Kreiger as outside counsel for Federal Regulatory Advice from April 1, 2021 through April 30, 2021; for a total amount of \$22,488.00 in legal services.**

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

**2. 75 NH, LLC – Request for Tree Removal at 85 New Hampshire Avenue**

Director Fournier moved the motion and Director Lamson seconded that **the Pease Development Authority Board of Directors hereby approves of the request made by 75 NH, LLC for the removal of ten (10) to twelve (12) trees near the building located at 85 New Hampshire Avenue, provided that any and all requisite permits are obtained and all tree removal work is done with reasonable prior notice to the PDA Engineering Department; all in accordance with the memorandum from Maria J. Stowell, P.E. – Manager - Engineering dated June 2, 2021**

Discussion: Lamson indicated she wasn't going to support this motion, but went over and looked at the trees and the shallow root system, so she understands the need for the work.

Disposition: Resolved by unanimous vote for; motion carried.

**3. Fuel Flowage Fee**

Director Lamson moved the motion and Director Parker seconded that **the Pease Development Authority Board of Directors approves of and authorizes the Executive Director to take all such action**

as may be required or appropriate to increase the current aviation fuel flowage fee rate by \$.01, from \$.03 to \$.04 per gallon on 100 low lead fuel and Jet A fuel, commencing July 1, 2021; all in accordance with the memorandum of Andrew Pomeroy, Manager, Aviation Planning & Regulatory Compliance, dated June 8, 2021.

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

*Executive Director Brean left the room at 10:36 and returned at 10:38 a.m.*

### **XIII. Division of Ports and Harbors:**

#### **A. Reports:**

Director Geno Marconi (“Marconi”) DPH indicated as has been his practice for some time, he has provided the Port Advisory Council approved the minutes for the Board’s review.

1. **Port Advisory Council Meeting Minutes of April 14, 2021**
2. **Port Advisory Council Meeting Minutes of May 12, 2021**

Marconi reported that in accordance with the “Delegation to Executive Director: Consent, Approval and Execution of Mooring Permit Transfers”, there were two commercial mooring transfers (Flanders to Martell being in Hampton and the Flanigan to Methot being in Sagamore Creek). According to the Code of Administrative Rules commercial moorings are allowed to be transferred; once a mooring is designated as a commercial mooring it has to stay that way and needs to show commercial activity going forward. Marconi informed the Board that a general use mooring cannot be converted to commercial and then revert back to general use; this was put into place in 2002 during the merge of DPH with Pease. The reason was done was there was a decline in commercial activity and this was a way to flat line the loss of commercial activities in the harbors.

3. **Commercial Mooring Transfer – Flanders to Martell**
4. **Commercial Mooring Transfer – Flanigan to Methot**

Marconi informed the Board that the first pour of concrete was done on June 16<sup>th</sup> at the Portsmouth Fish Pier. Marconi further indicated that the sheet pile wall is in, the rebar is in, and what they do is pour a footing for the pads where the jib cranes will be. This needs to be done before they can close in the forms for the wall cap; the wall cap will be poured today and on the inside on the 18<sup>th</sup>. Also, some of the fuel system has been roughed in but waiting for the final DES review of the plumbing; hoping to have the permit by the end of the week in order to complete the final installation.

Marconi indicated that DPH has been working on the rehabilitation of existing pier at the main port terminal and working with DOT on the functional replacement part. Marconi informed the Board that DPH is getting ready to go out to bid in July for the rehabilitation of the pier. DPH wanted to see what was going on in the industry so had an industry day where DPH had a virtual presentation overview of projects (40+ attendees) on Tuesday (6/15) regarding the rehabilitation and functional replacement projects and on Wednesday invited marine contractors to walk the facility (30+ attendees). Marconi indicated there were big named contractors as well as local subcontractors; the show of interest in the projects provided DPH with a comfort level of confidence that these projects are getting some attention. Marconi indicated that the final



designs have been received and are being reviewed; Legal is reviewing the bid documents.

## **B. Approval:**

In preparation of the upcoming motion, Marconi displayed photos taken from the Sarah Long Bridge showing the types of activities that Cianbro has conducted at the Market Street Terminal. DPH is doing this in support of Cianbro's contract with the United States Navy on the super flood basin project. Marconi indicated that this project is in a high security area at the shipyard and in order to get equipment and materials to the construction site, Cianbro would have to go through the town of Kittery, the security check point at front gate and then the higher security check point (is not very efficient). Marconi indicated this project was for 80,000 cubic yards of concrete, crushed stone, sand and fly ash and dry cement which came across the dock. Also, all of the steel sheet piles and some kasons came in on trucks while some of the long ones arrived via rail, which were offloaded under the Sarah Long Bridge. Marconi spoke to a good working relationship with Cianbro who was onsite when the Sarah Long Bridge was built. DPH has been supporting the current project and looks forward to the next phase of the Super Flood Basin project which will be for \$700 to \$900 million.

Parker asked Marconi of the turning basin / dredging project and the bidding by the Army Corp of Engineers which was supposed to have happened at the end of May; wondered if a schedule had been planned and when the job would be done. Marconi indicated that the plan is to commence in November; the environmental dredge window is November 15<sup>th</sup> through March 15<sup>th</sup> (750,000 cubic yards of material to be moved). Marconi indicated that the bids have not been opened yet (this is always a controlling factor).

Anderson asked what the climate for funding was regarding the rehabilitation of the pier project, Marconi indicated the funding DPH has is roughly \$12.5 million (\$5 million appropriated by the legislature and a BUILD grant was received for the additional funds). Marconi indicated escalating construction costs is a concern for all parties. Marconi indicated when DPH puts bids together priorities are set out so if bids come in over what is appropriated, there are items that can be removed. However, where this is a partially / federally funded (BUILD grant) project those permissions would need to be received from MIRAD.

Levesque asked the difference in dredging between the Rye project and the turning basin project; Marconi indicated that the Rye dredging was approximately 38,000 to 39,000 cubic yards, versus the turning basin being 750,000.

Anderson indicated there has been a tremendous interest in the material from the turning basin project as it is a glacial sand material; there are towns in Massachusetts who have expressed an interest in obtaining the material for beach rehabilitation purposes.

Parker asked if it were more sand than mud; Marconi indicated it is more sand than ledge which was determined when the geotechnical borings were performed. It has been determined it is over 80% of hard glacial sand. Marconi indicated it has been there for a very long time and there are no pollutants in the sand. Further, the Army Corp has developed a grant program to help subsidize municipalities who want the sand. The difference in the cost between transportation of the sand to the base plant (disposal site located outside the Isles of Shoals) to an alternative site would need to be picked up the State / Municipality. Marconi provided the example of the base plant being 12 miles to the Isles of Shoals, two alternative sites are Salisbury, MA, Newburyport, MA which are on the cusp of the 12 miles, and a third site is one of the

beaches on the other side of Boston Harbor (55 miles one way). At the first two sites, the sand could be dropped offshore and the waves would move the sand up towards shore, but the third site would require having a floating pump put down to pump the material from the barge onto the beach (basically dredging sand a second time). Marconi indicated this does not affect DPH's project or contract with the Army Corps at all.

Lamson asked of the additional moorings (5 moorings every year) being requested by Great Bay Marina ("GBM"); Marconi indicated GBM requested additional moorings this year, but if DPH can identify additional mooring areas suitable for GBM and there is no one on the wait list, DPH will certainly consider the request.

Levesque indicated the key would be no one else on the wait list.

### 1. Cianbro Corporation – Right of Entry Extension

Director Anderson moved the motion and Director Levesque seconded that **the Pease Development Authority Board of Directors hereby approves of and consents to the extension of a Right of Entry ("ROE") with Cianbro Corporation for the use of the facilities at the Market Street Terminal for the purpose of staging and loading equipment and materials (for the manufacture of concrete), loading structural components (i.e. steel sheets and beams) and the discharge of clean blasted rock all in accordance with the memorandum of Geno J. Marconi, Division Director, dated June 9, 2021.**

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

#### XIV. New Business:

#### XV. Special Event:

NH ANG Air Show

September 11<sup>th</sup> & 12<sup>th</sup>, 2021

#### XVI. Upcoming Meetings:

Port Committee

July 1, 2021 @ 8:00 a.m.

Board of Directors

August 19, 2021 @ 8:30 a.m.

**All Meetings begin at 8:30 a.m. unless otherwise posted.**

#### XVII. Directors' Comments:

#### XVIII. Adjournment:

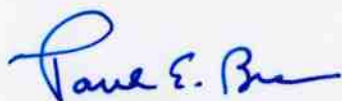
Director Fournier moved the motion and Director Lamson seconded to adjourn the Board meeting. Meeting adjourned at 10:53 a.m.

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

**XIX. Press Questions:**

No members of the press were at the meeting.

Respectfully submitted,





Paul E. Brean  
Executive Director

## MOTION

Director Parker:

The Pease Development Authority Board of Directors hereby approves of and authorizes Spyglass Development, LLC (“Spyglass”) to make exterior improvements to Spyglass’s premises located at 30 New Hampshire Avenue, as outlined and in accordance with the terms and conditions set forth in the memorandum of Maria J. Stowell, P.E., Manager – Engineering, dated August 10, 2021 attached hereto.

## MEMORANDUM

To: Paul E Brean, Executive Director   
From: Maria J. Stowell, P.E., Engineering Manager   
Date: August 10, 2021  
Subject: 30 NH Avenue, Exterior Renovations

Spyglass Development, LLC, ("Spyglass") PDA's tenant at 30 New Hampshire Avenue, is proposing to renovate the building at this location. The bulk of the work will occur inside, however, Spyglass is also proposing renovations to the building's exterior.

With regard to the exterior work, Spyglass is proposing to add a patio area to the southeast corner of the building. An existing awning feature that spans the front of the building will be extended to the south and then wrapped around the corner to encompass the patio area, which will have a patterned concrete surface. New sidewalk pavement will be constructed along the front and south side of the building and existing asphalt pavement will be removed to create a landscaped area along the south building face. In all, there will be a net decrease in impervious area on the lot.

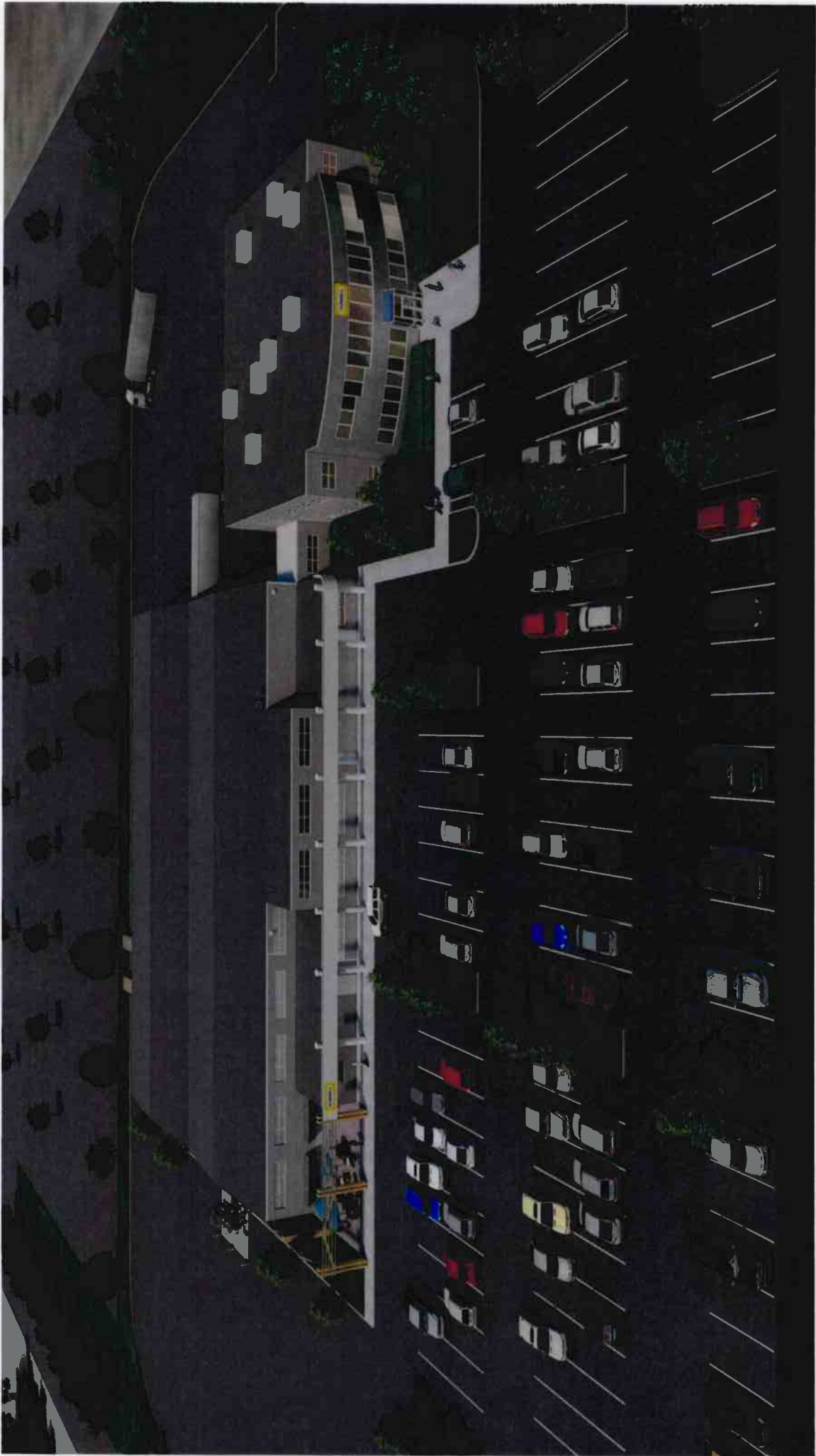
Spyglass will also be repairing or replacing all of the exterior windows on the building. The replacements will be of style that is similar to the existing. The building façade will be enhanced by washing or repainting as necessary.

Renderings showing the improvements are attached.

It has been PDA policy to seek Board approval for work on any leased parcel when the work will be visible from the street. At the August Board meeting, please ask the Board to approve the exterior improvements at 30 New Hampshire Avenue.

N:\ENGINEER\Board Memos\2021\30 NH exterior renovations.docx







Date: August 4, 2021

To: Paul Brean, Executive Director

From: Suzy Anzalone, Director of Finance



Subject: Executive Summary- Financial Reports

In anticipation of the upcoming August 19, 2021 Pease Development Authority Board meeting, the following is an Executive Summary of the two financial reports for your review and comment:

**Report #1- Financial Report for the Twelve-Month Period Ending June 30, 2021**

Actual operating revenues of \$18.8 million are above budget by 15%. Main drivers include increased golf course public play and fee revenues associated with facility rentals as well as the \$1.6 million in CARES Act and GOFERR funding received related to the COVID-19 pandemic. Excluding the CARES Act/GOFERR funding, revenues are favorable by 5.5%. Offsetting these gains were decreased fuel revenues associated with the reconstruction of the Portsmouth Fish Pier Wall and decreased pay for parking and fuel flowage revenues at PSM related to the Covid-19 pandemic.

Actual operating expenses of \$12.3 million are below budget by \$1.5 million (10.7%) primarily due to expense under runs in facilities maintenance, legal, marketing, utilities, and the cost of fuel at the Portsmouth Fish Pier. In addition, the favorable winter season also contributed to lower operating costs.

The resulting Operating Income of \$6.4 million is \$3.9 million greater than budgeted which directly contributed to our ability to address internal working capital requirements and somewhat minimize the need to draw-down from the \$15.0 million Revolving Line of Credit (RLOC) with the Provident Bank. Favorable operating results also leave us with a solid cash position as we start the new fiscal year.

**Business Unit Performance**

**Portsmouth Airport**

Operating revenues total \$3,231,000 which are over budget by \$1,492,000. Excluding the CARES act and GOFERR funding mentioned above (which are included in these figures), revenue is under budget by \$4.4%. Underruns include lower pay for parking revenues and concession revenue (COVID related). Current enplanements of 33,449 are greater than the prior year to date (23,957)

**Skyhaven Airport**

Operating revenues total \$ 245,000 which is above budget by \$51,000. The primary reason for the favorable variance was primarily due to higher fuel sales of 20,304 gallons versus FY20 YTD sales of 13,344 gallons. Total operating income was \$8,000 for FY21. Cumulative net cash flow losses, since accepting the operational responsibilities for Skyhaven Airport during FY 2009, total approximately \$1.7 million.



**Report #1- Financial Report for the Twelve-Month Period Ending June 30, 2021** (continued)

**Business Unit Performance** (continued)

**Tradeport**

Operating revenues total \$9,328,000 which is above budget by 64,000. The primary reason for the favorable variance is associated with rental of facilities and the Consumer Price Index.

**Golf Course**

Operating revenues total \$3,384,000 which is above budget by \$921,000 or 37.4%. The primary reasons are associated with public play at the golf course. A total of 28,429 rounds have been played through June 30, 2021 versus 17,538 rounds through June 30<sup>th</sup> of the prior season. Gross revenues at the Grill 28 of \$1,855,000 are 19.7% greater than the prior twelve-month period ending June 30, 2020.

**Division of Ports and Harbors**

Unrestricted operating revenues total \$2,343,000 which is slightly less (3.5 %) than budgeted revenues of \$2,429,000. The lost fuel sales at the Portsmouth Fish Pier (PFP) have been slightly offset by incremental mooring, registration and facilities fee revenues. It is anticipated that the PFP may begin selling fuel by the beginning of September, with the final construction and repair phase completed sometime in November.

**Balance Sheet** (Page #8)

Total current assets are \$7.4 million consisting primarily of \$4.5 million in unrestricted cash and \$2.9 million in accounts receivables. Net cash balances (PDA \$2.5 million and DPH \$2.0 million) have decreased by \$707,000 since June 30, 2020 due to the following activities:

Operating Income	\$ 6,456,000
RLOC Line of Credit Draw Down	-
Contributed Capital	15,764,000
Accounts Receivable	6,032,000
Accounts Payable	(4,427,000)
Capital Expenditures	(24,797,000)
All Other- Net	265,000
Total	<u>\$ (707,000)</u>

**Report #1- Financial Report for the Ten-Month Period Ending April 30, 2021 (continued)**

**Balance Sheet** (continued)

The majority of the accounts receivable balances can be attributable to federal or state construction activities.

Restricted assets total approximately \$1.6 million and consist primarily of the Revolving Loan Fund which has total assets of \$1.2 million. At present, there are 21 participant loans outstanding with a principal balance outstanding of \$1,019,000.

Capital assets have increased approximately \$18.9 million, net of depreciation, to \$94.5 million primarily due to the extensive capital improvements at PSM including the terminal expansion and runway reconstruction project. During the twelve-month period ending June 30, 2021 the more significant capital expenditures included:

• PSM Runway Reconstruction Project	\$ 11,328,000
• PSM Terminal Expansion	9,593,000
• DPH Bulkhead and Construction	1,564,000
• DPH Main Pier BUILD Grant	1,284,000
• PSM Alpha South Hold Bay	341,000
• Volvo L90H Wheel Loader	176,000
• Automotive Vehicles	115,000
• PSM Eldorado Bus	72,000
• All Other	<u>324,000</u>
Total	\$ <u>24,797,000</u>

Total current liabilities are approximately \$6.3 million, representing a \$4.3 million decrease from June 30, 2020. Accounts payables represent \$5.6 million, reflecting a \$4.3 million decrease from June 30, 2020. I am pleased to report that our RLOC at the Provident Bank reflects a zero balance as of June 30, 2021.

Net pension and OPEB liability for the PDA remains at \$9.8 million (FY20 figures). It is anticipated that the updated projections from the actuarial consultants will be received in August, 2021.

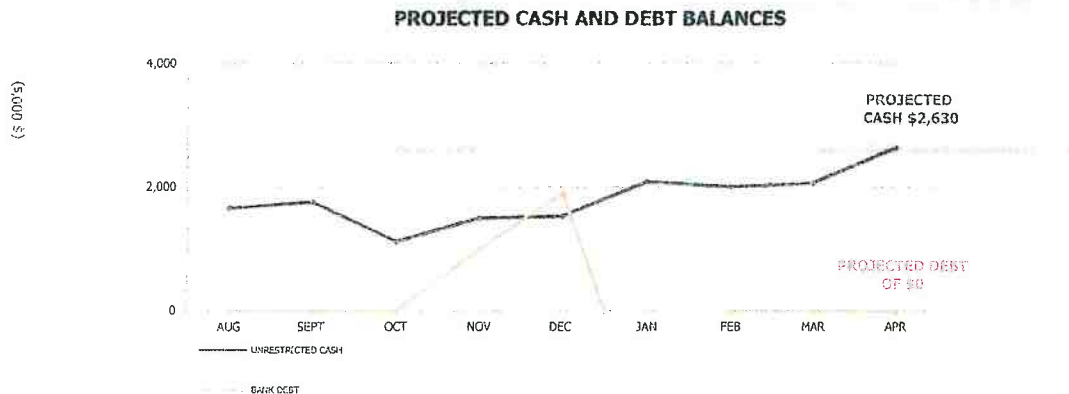
As noted on page #5, the current PDA Organization Chart reflects 61 filled benefited positions and 4 open benefited positions.

**Report #2- Cash Flow Projections for the Nine Month Period Ending April 30, 2022**

During the next nine-month period internal cash flow projections are dominated by approximately \$9.2 million in capital expenditures which continue to be primarily in support of the PSM Runway Reconstruction Project and the PSM Terminal Expansion. Of these monies, \$4.2 million will be grant funded which may require the PDA to draw funds (approx. \$1.9 million) from our \$15.0 million RLOC with the Provident Bank. We expect to have the ability to repay this draw within 60 to 90 days based on current expectations of actual grant reimbursements. We anticipate having no debt outstanding at April 30, 2022.

With the FY22 budget in place, we anticipate positive cash flow from operations over the next nine months even with the anticipated increases in our business insurance premiums.

Page # 3 of the report provides the detailed monthly cash flow projections noting the minimum cash balances remain at approximately \$1.5 million to allow the PDA to address its ongoing working capital requirements. As our significant capital expenditure projects wind down, we expect strong cash balances which will enable us to fund a significant portion of our FY22 capital expenditures with existing operating cash.



As mentioned previously, the PDA currently has no debt outstanding under the \$15.0 million RLOC with the Provident Bank, which is currently at an interest rate of approximately 2.9%.

I would be pleased to address any questions or supplemental information you may need.



# FY 2021 FINANCIAL REPORT FOR THE TWELVE MONTH PERIOD ENDING JUNE 30, 2021



**BOARD OF DIRECTORS MEETING  
AUGUST 19, 2021**



# CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES <sup>2</sup>

## FOR THE TWELVE MONTH PERIOD ENDING

### JUNE 30, 2021

(\$ 000's)

#### BUDGET VARIANCE ANALYSIS

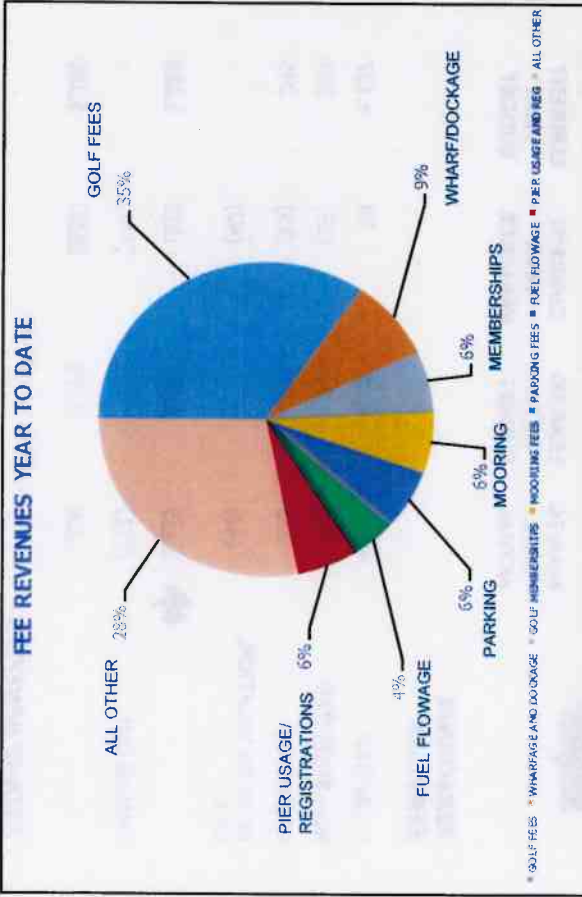
- OPERATING REVENUES-  
**HIGHER BY 15 % ...**
- CARES ACT/GOFERR FUNDING OF \$1.6M
- GOLF REVENUE HIGHER DUE TO MORE  
NONMEMBER ROUNDS PLAYED
- FAVORABLE REVENUE OFFSET BY:
  - LOWER PARKING AND FUEL FLOWAGE  
FEES- COVID 19 IMPACT
  - PFP FUEL SALES
- OPERATING COSTS  
**LOWER BY 10.7 %...**
  - BLDG. MAINT-SECURITY (COVID  
RELATED), ENVIRONMENTAL TESTING
  - LOWER FUEL COSTS (COVID, PFP FUEL)
  - MARKETING & LEGAL COSTS  
TRENDING LOWER THAN BUDGET
  - MEDICAL/DENTAL BENEFIT RATE  
CREDIT FROM STATE

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
<b>OPERATING REVENUES (PAGE #3)</b>	<b><u>18,775</u></b>	<b><u>16,301</u></b>	<b><u>2,474</u></b>	<b><u>16,301</u></b>
<b>OPERATING EXPENSES</b>				
PERSONNEL SERVICES AND BENEFITS (PAGE #4 AND #5)	5,952	7,180	(1,227)	7,180
BUILDINGS AND FACILITIES MAINTENANCE	2,707	2,441	266	2,441
GENERAL AND ADMINISTRATIVE (PAGE #6)	1,403	1,291	112	1,291
UTILITIES (PAGE #6)	815	839	(24)	839
PROFESSIONAL SERVICES (PAGE #6)	390	524	(134)	524
MARKETING AND PROMOTION	225	400	(174)	400
ALL OTHER (PAGE #6)	826	1,124	(299)	1,124
<b>TOTAL OPERATING EXPENSES</b>	<b><u>12,319</u></b>	<b><u>13,799</u></b>	<b><u>(1,480)</u></b>	<b><u>13,799</u></b>
<b>OPERATING INCOME</b>	<b><u>6,456</u></b>	<b><u>2,502</u></b>	<b><u>3,954</u></b>	<b><u>2,502</u></b>
<b>NONOPERATING (INCOME) AND EXPENSE (PAGE #7)</b>	<b><u>65</u></b>	<b><u>352</u></b>	<b><u>(286)</u></b>	<b><u>352</u></b>
<b>DEPRECIATION</b>	<b><u>5,834</u></b>	<b><u>6,344</u></b>	<b><u>(511)</u></b>	<b><u>6,344</u></b>
<b>NET OPERATING INCOME</b>	<b><u>557</u></b>	<b><u>(4,194)</u></b>	<b><u>4,750</u></b>	<b><u>(4,194)</u></b>



# CONSOLIDATED OPERATING REVENUES FOR THE TWELVE MONTH PERIOD ENDING JUNE 30, 2021

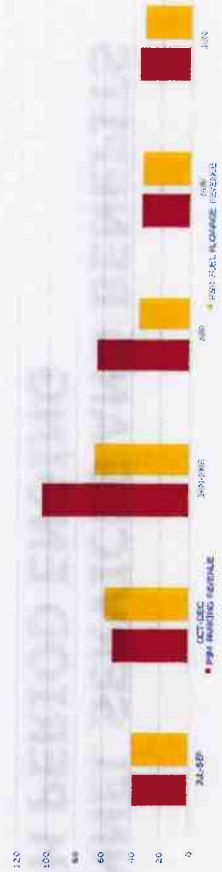
(\$ 000's)



	ACTUAL	BUDGET	BUDGET VARIANCE
<b>FUEL SALES</b>			
PORTSMOUTH FISH PIER	350	(350)	
RYE HARBOR	158	150	8
HAMPTON HARBOR	170	200	(30)
SKYHAVEN AIRPORT	95	64	31
	<b>423</b>	<b>764</b>	<b>(341)</b>

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VAR	CURRENT YEAR BUDGET
<b>RENTAL OF FACILITIES</b>				
FEE REVENUES (SEE PIE CHART)	10,663	10,543	120	10,543
FUEL SALES (SEE TABLE BELOW)	5,049	4,060	989	4,060
CONCESSION REVENUE	423	764	(341)	764
GOLF MERCHANDISE	366	386	(20)	386
ALL OTHER- NET	319	235	84	235
	<u>1,955</u>	<u>313</u>	<u>1,641</u>	<u>313</u>
	<b>18,775</b>	<b>16,301</b>	<b>2,474</b>	<b>16,301</b>

	ACTUAL	BUDGET
PSM YEAR TO DATE		
PARKING	326	442
FUEL FLOWAGE	264	270



# CONSOLIDATED PERSONNEL SERVICES AND BENEFITS FOR THE TWELVE MONTH PERIOD ENDING JUNE 30, 2021

(\$ 000'S)

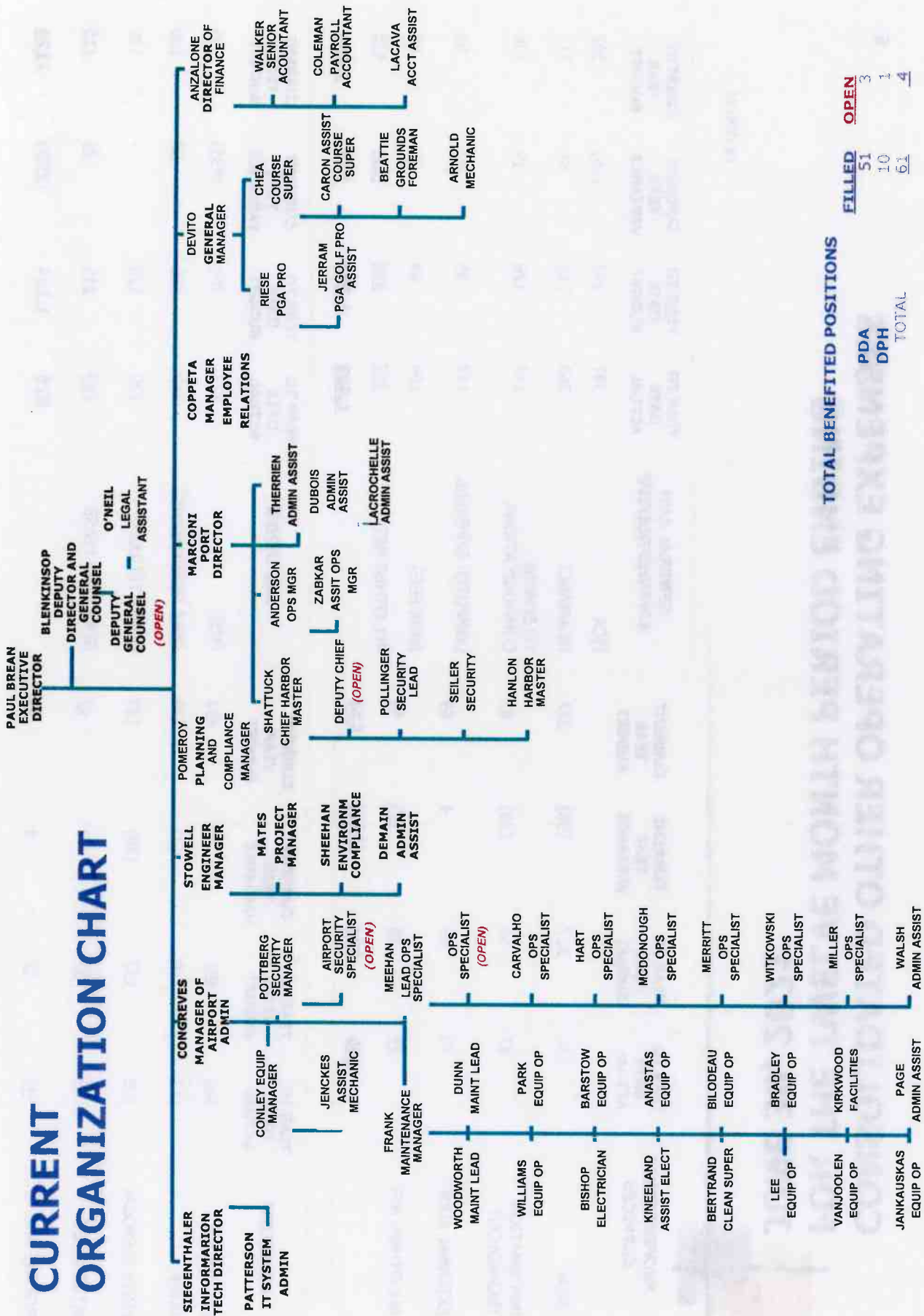
	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
<b>PERSONNEL SERVICES</b>				
BENEFITED	4,195	4,137	59	4,137
NON-BENEFITED	749	804	(55)	804
OVERTIME	226	245	(19)	245
ACCRUED VACATION/ SICK	(42)	-	(42)	-
	<b>5,128</b>	<b>5,186</b>	<b>(57)</b>	<b>5,186</b>
CHARGE OUT	(771)	-	(771)	-
	<b>4,358</b>	<b>5,186</b>	<b>(828)</b>	<b>5,186</b>
<b>FRINGE BENEFITS</b>				
HEALTH INSUR	1,060	1,198	(138)	1,198
RETIREMENT	684	698	(14)	698
DENTAL INSURANCE	51	70	(19)	70
LIFE INSURANCE	31	28	3	28
	<b>1,826</b>	<b>1,994</b>	<b>(168)</b>	<b>1,994</b>
CHARGE OUT	(231)	-	(231)	-
	<b>1,595</b>	<b>1,994</b>	<b>(399)</b>	<b>1,994</b>
	<b>5,952</b>	<b>7,180</b>	<b>(1,227)</b>	<b>7,180</b>

### CURRENT STAFF ANALYSIS (FILLED POSITIONS)

	SAL/ BEN	HR/ BEN	HR/ NON	SE	TOTAL
MAINTENANCE	-	19	0	2	21
PSM AIRPORT	2	7	8	-	17
SECURITY	1	0	6	-	7
PORT AUTHORITY	1	9	4	22	36
GOLF COURSE	3	4	-	53	60
FINANCE	3	2	-	-	5
ENGINEERING	3	1	-	-	4
LEGAL	1	1	1	-	3
DAW AIRPORT	-	-	2	-	2
TECHNOLOGY	1	1	-	-	2
HUMAN RESOURCES	1	-	-	-	1
EXECUTIVE	1	-	-	-	1
	<b>17</b>	<b>44</b>	<b>21</b>	<b>77</b>	<b>159</b>



# CURRENT ORGANIZATION CHART



TOTAL BENEFITED POSITIONS

FILLED	51
OPEN	3
PDA	1
DPH	4
TOTAL	61



# CONSOLIDATED OTHER OPERATING EXPENSES FOR THE TWELVE MONTH PERIOD ENDING JUNE 30, 2021

(\$,000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET	GENERAL AND ADMINISTRATIVE	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
<b>PROFESSIONAL SERVICES</b>									
LEGAL	231	327	(96)	327	FICA	381	397	(15)	397
INFORMATION TECHNOLOGY	47	82	(35)	82	INSURANCE	263	212	51	212
EXTERNAL AUDIT	73	69	4	69	TELEPHONE / COMMUNICATIONS	145	126	19	126
ALL OTHER- NET	39	46	(7)	46	COMPUTER EXPENSES	117	55	63	55
	<b>390</b>	<b>524</b>	<b>(134)</b>	<b>524</b>	BANK FEES	109	64	45	64
					ALL OTHER-NET	387	438	(51)	438
						<b>1,403</b>	<b>1,291</b>	<b>112</b>	<b>1,291</b>
<b>UTILITIES</b>					<b>ALL OTHER</b>				
ELECTRICITY	501	492	9	492	FUEL	277	709	(433)	709
WATER	112	119	(7)	119	GOLF MERCHANDISE	240	180	60	180
WASTE DISPOSAL	100	137	(38)	137	COAST TROLLEY	120	120	-	120
NATURAL GAS	59	52	7	52	GOLF CART LEASE	189	115	74	115
PROPANE AND OIL	43	39	4	39		<b>826</b>	<b>1,124</b>	<b>(299)</b>	<b>1,124</b>
	<b>815</b>	<b>839</b>	<b>(24)</b>	<b>839</b>					

# CONSOLIDATED NONOPERATING (INCOME) EXPENSE FOR THE TWELVE MONTH PERIOD ENDING JUNE 30, 2021

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET	INTEREST EXPENSE YEAR TO DATE	FISCAL BUDGET
INTEREST EXPENSE	73	380	(307)	380	PROVIDENT BANK- RLOC	380
INTEREST INCOME AND OTHER	(7)	(29)	21	(29)		
	<u>65</u>	<u>352</u>	<u>(286)</u>	<u>352</u>		

# CONSOLIDATED STATEMENTS OF NET POSITION

(\$000's)

ASSETS	JUN 30 2021	JUN 30 2020	JUN 30 2021	JUN 30 2020
<b>CURRENT ASSETS</b>				
CASH AND EQUIVALENTS	4,531	5,238	1,790	2,214
ACCOUNTS RECEIVABLE- NET	2,291	8,942	3,756	7,685
OTHER ASSETS	571	503	623	713
<b>TOTAL CURRENT ASSETS</b>	<b><u>7,394</u></b>	<b><u>14,683</u></b>	<b><u>6,261</u></b>	<b><u>10,612</u></b>
<b>RESTRICTED ASSETS</b>				
CASH AND EQUIVALENTS	550	447	9,828	9,828
ACCOUNTS RECEIVABLES- NET	1,021	1,015	345	534
<b>TOTAL RESTRICTED ASSETS</b>	<b><u>1,571</u></b>	<b><u>1,462</u></b>	<b><u>10,173</u></b>	<b><u>10,362</u></b>
<b>CAPITAL ASSETS</b>				
LAND, BUILDINGS AND EQUIPMENT	90,069	60,065	4,089	4,089
CONSTRUCTION IN PROCESS (PAGES #10-#12)	4,425	15,467	84,703	67,847
<b>TOTAL ASSETS</b>	<b><u>103,458</u></b>	<b><u>91,672</u></b>	<b><u>84,703</u></b>	<b><u>67,847</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
PENSION / OPEB	1,250	1,250	1,244	1,218
REVOLVING LOAN FUND HARBOR DREDGING	-	-	1	-
FOREIGN TRADE ZONE UNRESTRICTED	-	-	8	7
<b>TOTAL NET POSITION</b>	<b><u>1,250</u></b>	<b><u>1,250</u></b>	<b><u>(1,771)</u></b>	<b><u>(1,206)</u></b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
ACCOUNTS PAYABLE	1,790	2,214	-	-
ACCOUNTS PAYABLE- CONSTRUCTION	3,756	7,685	91	-
UNEARNED REVENUE	623	713	-	-
REVOLVING LOC FACILITY	-	-	-	-
CURRENT PORTION- LT LIABILITIES	91	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>6,261</u></b>	<b><u>10,612</u></b>	<b><u>91</u></b>	<b><u>-</u></b>
<b>NONCURRENT LIABILITIES</b>				
NET PENSION / OPEB LIABILITY	9,828	9,828	-	-
OTHER LT LIABILITIES (PAGE #13)	345	534	-	-
<b>TOTAL LIABILITIES</b>	<b><u>10,173</u></b>	<b><u>10,362</u></b>	<b><u>16,434</u></b>	<b><u>20,974</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
PENSION / OPEB	4,089	4,089	-	-
<b>NET POSITION</b>				
NET INVESTMENT IN CAPITAL ASSETS	84,703	67,847	-	-
RESTRICTED FOR:				
REVOLVING LOAN FUND HARBOR DREDGING	1,244	1,218	-	-
FOREIGN TRADE ZONE UNRESTRICTED	8	7	-	-
<b>TOTAL NET POSITION</b>	<b><u>(1,771)</u></b>	<b><u>(1,206)</u></b>	<b><u>84,185</u></b>	<b><u>67,864</u></b>
<b>CASH AND EQUIVALENTS AT JUNE 30, 2021</b>				
UNRESTRICTED	1,790	2,214	-	-
RESTRICTED	2,741	3,024	-	-
<b>TOTAL</b>	<b><u>4,531</u></b>	<b><u>5,238</u></b>	<b><u>2,039</u></b>	<b><u>550</u></b>

**PEASE DEVELOPMENT AUTHORITY**

**GENERAL FUNDS**

**TENANT ESCROW**

**DIVISION OF PORTS AND HARBORS**

**GENERAL FUNDS**

**HARBOR MANAGEMENT**

**REVOLVING LOAN - FISHERY FUND**

**HARBOR DREDGING**

**FOREIGN TRADE**

**TOTAL**

# SUMMARY OF INTERGOVERNMENTAL RECEIVABLES AS OF JUNE 30, 2021

(\$ 000's)

PROJECT NAME	APPROVAL DATE	TOTAL PROJECT	GRANT AWARD	EXPENDED TO DATE	PDA SHARE	RECEIVED TO DATE	BALANCE DUE PDA	AMOUNT SUBMITTED
PSM RUNWAY 16-34 DESIGN (AIP 58)	5/18/2017	1,266	885	1,253	(50)	1,134	95	95
PSM RUNWAY 16-34 RECONSTRUCTION (AIP 64)	7/6/2019	24,035	17,869	18,376	(875)	15,731	886	361
PSM OBSTRUCTION REMOVAL / CONSTRUCTION (AIP 60)	5/18/2017	1,130	1,074	1,018	(51)	938	28	28
PSM ALPHA SOUTH HOLD BAY (AIP 67)	-	-	-	851	(40)	805	4	4
PSM AIR NATIONAL GUARD TAXIWAY PROJECT	-	2,460	2,460	2,386	-	2,386	-	-
PSM TERMINAL BUILDING EXPANSION (AIP 62)	11/1/2018	1,821	1,730	1,781	(80)	1,518	40	40
PSM TERMINAL BUILDING EXPANSION (AIP 66)	6/27/2019	2,263	2,111	2,253	(136)	1,895	-	-
PSM RUNWAY 16-34 REIMBURSABLE SUPPORT (AIP 65)	5/1/2019	144	137	144	(7)	123	14	-
PSM CARES ACT (AIP 68)	-	1,607	1,607	1,607	-	1,607	-	-
DAW TAXILANE PAVEMENT AND DRAINAGE CONSTRUCTION (SBG 07-2016)	9/22/2016	1,830	1,738	1,784	(89)	1,694	-	-
DPH UPGRADE PORT SECURITY AND SOFTWARE	-	58	58	58	-	58	-	-
DPH RYE HARBOR DREDGING	-	-	-	637	-	637	-	-
WHEEL LOADER GRANT	-	-	42	176	(134)	42	-	-
DPH FUNCTIONAL REPLACEMENT- BARGE DOCK	-	5,000	-	1,304	-	1,285	19	19
DPH MAIN PIER REHABILITATION	-	5,003	-	1,284	-	1,078	206	206
DPH HAMPTON HARBOR DREDGING	-	118	-	95	-	95	-	-
DPH PEP REPAIR AND CONSTRUCTION	-	3,250	-	1,826	-	1,610	217	217
							<b>1,509</b>	<b>970</b>



# SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(\$ 000's)

PROJECT NAME	BALANCE AT 06-30-20	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 06-30-21
<b>PORTSMOUTH AIRPORT</b>					
TERMINAL EXPANSION (NON-GRANT)	4,910	7,534	(12,444)	(4,910)	-
RUNWAY 16-34 DESIGN (AIP 58)	4	112	(116)	(4)	-
ELDORADO BUS	-	72	(72)	-	-
RUNWAY 16-34 RECONSTRUCTION (AIP 64)	7,048	11,328	(18,375)	(7,048)	-
TERMINAL BUILDING EXPANSION (AIP 66)	1,880	373	(2,253)	(1,880)	-
TERMINAL BUILDING EXPANSION (AIP 62)	96	1685	(1,781)	(96)	-
OBSTRUCTION REMOVAL / CONSTRUCTION (AIP 60)	-	10	(10)	-	-
ALPHA SOUTH HOLD BAY (AIP 67)	-	341	(341)	-	-
2020 CHEVROLET TAHOE	-	38	(38)	-	-
VOLVO L90H WHEEL LOADER	-	176	(176)	-	-
LOUGHLIN MEMORIAL PARK	-	8	-	8	8
SNOW REMOVAL EQUIPMENT (AIP69)	-	2	-	2	2
AIRFIELD LIGHTING	-	9	(9)	-	-
PAY FOR PARKING	-	2	(2)	-	-
	<b>13,938</b>	<b>21,690</b>	<b>(35,618)</b>	<b>(13,928)</b>	<b>10</b>



# SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(CONTINUED)

(\$ 000's)

PROJECT NAME	BALANCE AT 06-30-20	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 06-30-21
<b>SKYHAVEN AIRPORT</b>					
<b>GOLF COURSE</b>					
PLEXIGLASS BARRIERS & PATIO COVERING-GRILL 28	-	32	(32)	-	-
BATHROOM RENOVATIONS - GRILL 28	-	79	(79)	-	-
WEBSITE UPGRADE	-	7	(7)	-	-
		<u>118</u>	<u>(118)</u>		
<b>ADMINISTRATION</b>					
HP DESIGN JET PRINTER	-	16	(16)	-	-
<b>MAINTENANCE</b>					
2020 CHEVROLET SILVERADO	-	38	(38)	-	-
2020 CHEVROLET SILVERADO	-	39	(39)	-	-
		<u>77</u>	<u>(77)</u>		

# SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(CONTINUED):

(\$ 000's)

PROJECT NAME	BALANCE AT 06-30-20	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 06-30-21
<b>DIVISION OF PORTS AND HARBORS (DPH)</b>					
FUNCTIONAL REPLACEMENT- BARGE DOCK	1,267	37	-	37	1,304
PEP BULKHEAD REPAIR AND CONSTRUCTION	262	1,564	-	1,564	1,826
HVAC SECURITY SHACK	-	8	(8)	-	-
RYE STORM DAMAGE	-	3	(3)	-	-
MAIN PIER (BUILD GRANT)	-	1,284	-	1,284	1,284
	<u>1,529</u>	<u>2,896</u>	<u>(11)</u>	<u>2,885</u>	<u>4,414</u>
<b>TOTAL</b>	<u>15,467</u>	<u>24,797</u>	<u>(35,840)</u>	<u>(11,043)</u>	<u>4,425</u>

# LONG TERM LIABILITIES AS OF JUNE 30, 2021

(\$, 000's)

## SCHEDULE OF LIABILITY REPAYMENT

	CURRENT PORTION	LONG TERM PORTION	TOTAL AMOUNT DUE
STATE OF NEW HAMPSHIRE POST RETIREE HEALTH CARE PROGRAM (1)	91	0	91
STATE OF NEW HAMPSHIRE	-	252	252
ACCRUED SICK LIABILITY	-	93	93
	<b>91</b>	<b>345</b>	<b>436</b>

FISCAL YEAR	STATE OF NEW HAMPSHIRE (1)
2021	-
2022	91
2023	-
	<b>91</b>

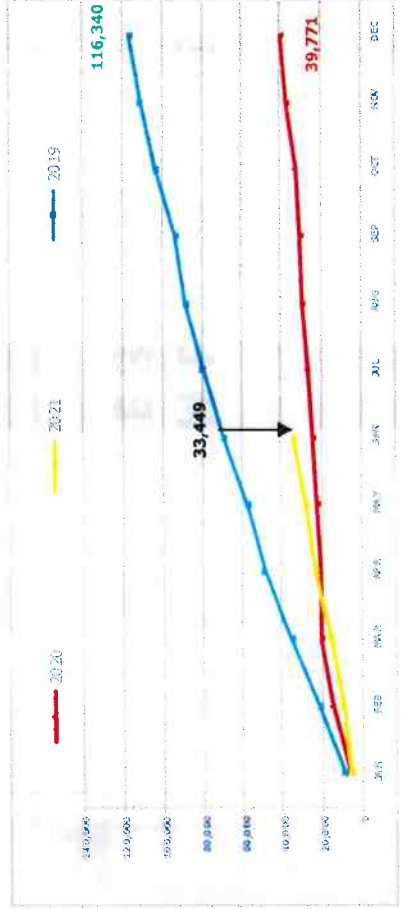
**NOTE:**  
1. ALLOCATION OF ANNUAL PAYMENT IS \$63 CHARGED TO THE PDA AND \$28 TO THE DPH.

# STATEMENT OF OPERATIONS FOR THE TEN MONTH PERIOD ENDING JUNE 30, 2021 PORTSMOUTH AIRPORT

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
<b>OPERATING REVENUES</b>	<b>3,231</b>	<b>1,739</b>	<b>1,492</b>	<b>1,739</b>
<b>OPERATING EXPENSES</b>				
PERSONNEL SERVICES AND BENEFITS	848	810	38	810
BUILDINGS AND FACILITIES MAINTENANCE	1,161	706	455	706
GENERAL AND ADMINISTRATIVE	377	325	52	325
UTILITIES	351	416	(65)	416
PROFESSIONAL SERVICES	7	24	(17)	24
MARKETING AND PROMOTION	52	139	(87)	139
ALL OTHER	-	-	-	-
	<b>2,796</b>	<b>2,420</b>	<b>376</b>	<b>2,420</b>
<b>OPERATING INCOME</b>	<b>435</b>	<b>(681)</b>	<b>1,116</b>	<b>(681)</b>
<b>NON-OPERATING (INCOME) AND EXPENSE</b>				
DEPRECIATION	3,414	3,900	(486)	3,900
<b>NET OPERATING INCOME</b>	<b>(2,979)</b>	<b>(4,581)</b>	<b>1,602</b>	<b>(4,581)</b>

### ENPLACEMENT DATA



# STATEMENT OF OPERATIONS FOR THE TEN MONTH PERIOD ENDING JUNE 30, 2021 SKYHAVEN AIRPORT

(\$ 000's)

OPERATING REVENUES	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
FACILITIES RENTAL	136	125	11	125
FUEL SALES	95	64	31	64
ALL OTHER	14	5	9	5
	<b>245</b>	<b>194</b>	<b>51</b>	<b>194</b>

GALLONS OF FUEL SOLD	CURRENT MONTH	YEAR TO DATE	TOTAL YEAR	YTD AVE PRICE
FY 2021	1,755	20,304	20,304	\$4.55
FY 2020	1,906	13,344	13,344	\$4.76

NET CASH FLOW	OPERA	CAPITAL EXPEND	DEBT REPAY	GRANT FUNDS	TOTAL
FY 2021	8	-	-	1,254	262
FY 2020	(70)	(307)	-	58	(319)
FY 2019	(83)	(27)	-	512	402
FY 2009-FY 2018	(909)	(6,792)	(100)	5,725	(2,076)
	<b>(1,054)</b>	<b>(7,126)</b>	<b>(100)</b>	<b>6,549</b>	<b>(1,731)</b>

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
<b>OPERATING REVENUES</b>	245	194	51	194
<b>OPERATING EXPENSES</b>				
PERSONNEL SERVICES AND BENEFITS	31	48	(17)	48
BUILDINGS AND FACILITIES MAINTENANCE	62	65	(3)	65
GENERAL AND ADMINISTRATIVE	44	37	7	37
UTILITIES	30	31	(1)	31
PROFESSIONAL SERVICES	6	5	1	5
MARKETING AND PROMOTION	2	-	2	-
ALL OTHER- FUEL	62	51	11	51
	<b>237</b>	<b>237</b>	<b>0</b>	<b>237</b>
<b>OPERATING INCOME</b>	<b>8</b>	<b>(43)</b>	<b>51</b>	<b>(43)</b>
<b>NONOPERATING (INCOME) AND EXPENSE</b>				
DEPRECIATION	535	535	0	535
<b>NET OPERATING INCOME</b>	<b>(527)</b>	<b>(578)</b>	<b>51</b>	<b>(578)</b>



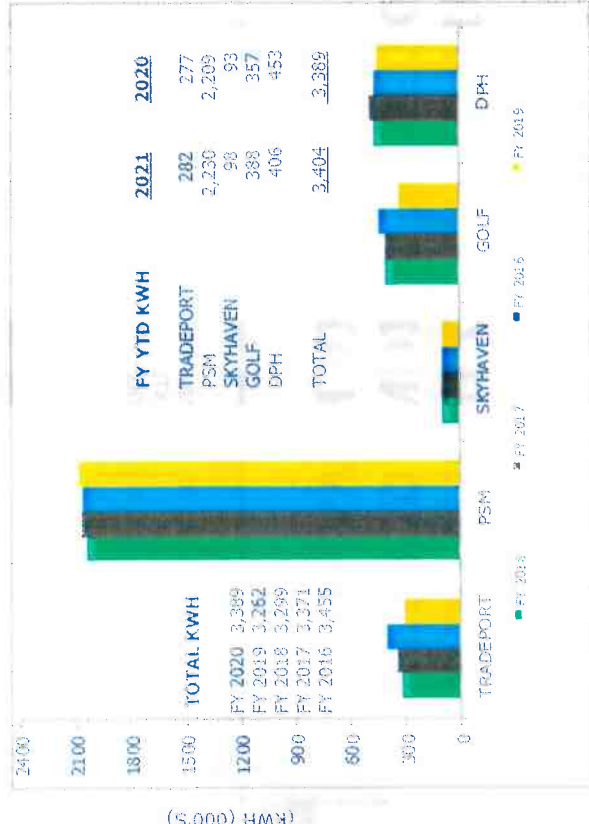
# STATEMENT OF OPERATIONS FOR THE TEN MONTH PERIOD ENDING JUNE 30, 2021 TRADEPORT

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
<b>OPERATING REVENUES</b>	<u>9,328</u>	<u>9,264</u>	<u>64</u>	<u>9,264</u>
<b>OPERATING EXPENSES</b>				
PERSONNEL SERVICES AND BENEFITS	-	-	-	-
BUILDINGS AND FACILITIES MAINTENANCE	413	417	(4)	417
GENERAL AND ADMINISTRATIVE	72	56	16	56
UTILITIES	88	102	(14)	102
PROFESSIONAL SERVICES	-	-	-	-
MARKETING AND PROMOTION	2	-	2	-
ALL OTHER	120	120	0	120
<b>OPERATING INCOME</b>	<b>8,633</b>	<b>8,569</b>	<b>64</b>	<b>8,569</b>
<b>NON-OPERATING (INCOME) AND EXPENSE</b>				
DEPRECIATION	741	750	(9)	750
<b>NET OPERATING INCOME</b>	<b>7,892</b>	<b>7,819</b>	<b>73</b>	<b>7,819</b>

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
<b>OPERATING REVENUES</b>				
RENTAL OF FACILITIES	9,206	9,144	62	9,144
ALL OTHER	122	120	2	120
	<u>9,328</u>	<u>9,264</u>	<u>64</u>	<u>9,264</u>

### KWH CONSUMPTION ANALYSIS BY BUSINESS UNIT



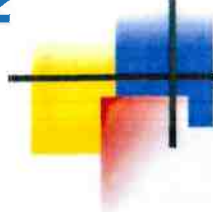
# STATEMENT OF OPERATIONS FOR THE TEN MONTH PERIOD ENDING JUNE 30, 2021 GOLF COURSE

17

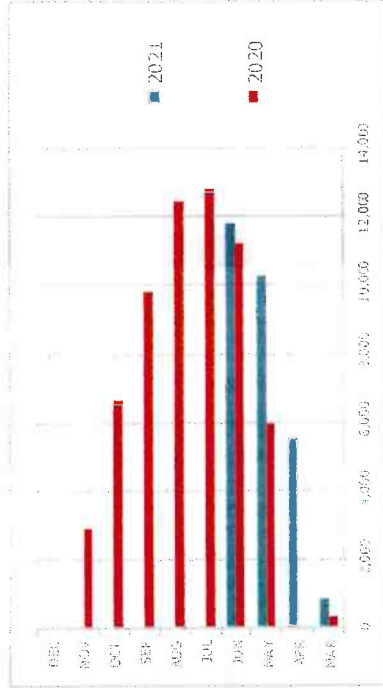
(\$ 000's)

	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>	<b>3,384</b>	<b>2,463</b>	<b>921</b>	<b>2,463</b>	<b>OPERATING REVENUES</b>	<b>315</b>	<b>315</b>	<b>0</b>	<b>315</b>
<b>OPERATING EXPENSES</b>					<b>CONCESSION REVENUES</b>				
PERSONNEL SERVICES AND BENEFITS	1,026	984	42	984	<b>FEE REVENUES</b>				
BUILDINGS AND FACILITIES MAINTENANCE	357	355	2	355	GOLF FEES	2,287	1,425	862	1,425
GENERAL AND ADMINISTRATIVE	321	226	95	226	MEMBERSHIPS	413	340	73	340
UTILITIES	218	190	28	190	SIMULATOR	103	120	(17)	120
PROFESSIONAL SERVICES	16	17	(1)	17	LESSONS	40	18	22	18
MARKETING AND PROMOTION	141	42	99	42	<b>MERCHANDISE AND OTHER</b>	<b>2,843</b>	<b>1,903</b>	<b>940</b>	<b>1,903</b>
ALL OTHER	429	295	134	295		226	245	(19)	245
	<b>2,508</b>	<b>2,109</b>	<b>399</b>	<b>2,109</b>		<b>2,384</b>	<b>2,463</b>	<b>921</b>	<b>2,463</b>
<b>OPERATING INCOME</b>	<b>876</b>	<b>354</b>	<b>522</b>	<b>354</b>	<b>BUSINESS UNIT ANALYSIS</b>				
<b>NONOPERATING (INCOME) AND EXPENSE</b>					OPERATING REVENUES	194	2,765	322	3,384
DEPRECIATION	358	385	(27)	385	OPERATING EXPENSES (EXCLUDING DEPRECIATION)	412	1,856	191	2,508
<b>NET OPERATING INCOME</b>	<b>518</b>	<b>(31)</b>	<b>549</b>	<b>(31)</b>	OPERATING INCOME	<b>(218)</b>	<b>909</b>	<b>131</b>	<b>876</b>

# KEY GOLF COURSE BENCHMARKING DATA

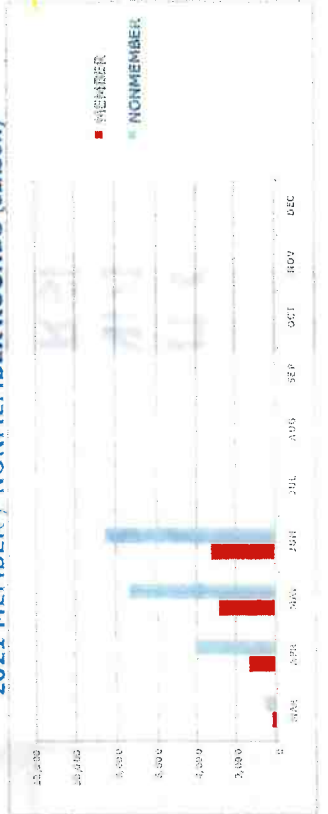


ROUNDS OF GOLF PLAYED (SEASON)



SEASON	2020	2021
SEASON	62,315	28,429
RAINFALL	26	18
RAINFALL DAYS	55	55

2021 MEMBER / NONMEMBER ROUNDS (SEASON)



GOLF SIMULATOR REVENUES

MONTH	FY 2021	FY 2020	GRILL 28 GROSS SALES	FY 2021	FY 2020
JULY	\$ -	\$39	JULY	\$204,042	\$212,562
AUGUST	598	-	AUGUST	225,471	259,154
SEPTEMBER	314	78	SEPTEMBER	191,445	199,822
OCTOBER	4,017	1,026	OCTOBER	138,156	149,127
NOVEMBER	12,553	17,727	NOVEMBER	85,187	107,818
DECEMBER	23,708	24,723	DECEMBER	71,183	117,993
JANUARY	30,626	27,767	JANUARY	77,694	126,165
FEBRUARY	23,001	29,976	FEBRUARY	74,967	107,490
MARCH	48,842	13,624	MARCH	105,988	59,098
APRIL	1,032	-	APRIL	134,812	1,083
MAY	1,062	-	MAY	238,596	55,292
JUNE	214	-	JUNE	307,875	153,970
<b>TOTAL</b>	<b>\$145,967</b>	<b>\$114,960</b>		<b>\$1,855,416</b>	<b>\$1,549,574</b>

2020 ROUNDS-SEASON	2021 ROUNDS-SEASON
MEMBER	MEMBER
NONMEMBER	NONMEMBER
TOTAL	TOTAL

CLUB/ COURSE FUNCTIONS	FY 2021 YTD	FY 2020 YTD
GROUPS 12-40	33,746	37,344
TOURNAMENT PLAY	188,728	106,732
LEAGUES	84,708	59,940
FOOD AND ROOM FEES	115,001	142,905





# STATEMENT OF OPERATIONS FOR THE TEN MONTH PERIOD ENDING JUNE 30, 2021 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>	<b>2,343</b>	<b>2,429</b>	<b>(86)</b>	<b>2,429</b>	<b>OPERATING REVENUES</b>	<b>496</b>	<b>419</b>	<b>77</b>	<b>419</b>
<b>OPERATING EXPENSES:</b>					<b>FACILITY RENTALS</b>				
PERSONNEL SERVICES AND BENEFITS	1,190	1,142	48	1,142	<b>CONCESSION REVENUE</b>	3	-	3	-
BUILDINGS AND FAC AND MAINTENANCE	378	351	27	351	<b>FEE REVENUE:</b>				
GENERAL AND ADMINISTRATIVE	160	187	(27)	187	MOORING FEES	412	365	47	365
UTILITIES	127	99	28	99	PARKING	86	115	(29)	115
PROFESSIONAL SERVICES	21	26	(5)	26	REGISTRATIONS	260	165	95	165
MARKETING AND PROMOTION	3	3	-	3	WHARF / DOCK	554	550	4	550
ALL OTHER - FUEL	215	658	(443)	658	<b>TOTAL FEE REVENUE</b>	<b>1,312</b>	<b>1,195</b>	<b>117</b>	<b>1,195</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>2,094</b>	<b>2,466</b>	<b>(372)</b>	<b>2,466</b>	FUEL SALES	329	700	(371)	700
					ALL OTHER	203	115	88	115
					<b>TOTAL OPERATING REVENUE</b>	<b>2,343</b>	<b>2,429</b>	<b>(86)</b>	<b>2,429</b>
					<b>BUSINESS UNIT ANALYSIS</b>				
<b>OPERATING INCOME</b>	<b>249</b>	<b>(37)</b>	<b>286</b>	<b>(37)</b>	RYE HARBOR	344	272	72	272
NONOPERATING (INCOME) AND EXPENSE	(3)	(2)	(1)	(2)	HAMPTON HARBOR	272	38	234	38
DEPRECIATION	622	606	16	606	PORTSMOUTH FISH PIER	38	1,002	964	1,002
<b>NET OP INCOME</b>	<b>(370)</b>	<b>(641)</b>	<b>271</b>	<b>(641)</b>	MARKET STREET	532	430	102	430
					ADMIN	427	15	412	15



# STATEMENT OF OPERATIONS FOR THE TEN MONTH PERIOD ENDING JUNE 30, 2021 PORT AUTHORITY OF NEW HAMPSHIRE (RESTRICTED)

(\$ 000's)

FOREIGN TRADE ZONE	YEAR TO DATE		CURRENT YEAR VARIANCE	YEAR TO DATE		CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
	ACTUAL	BUDGET		ACTUAL	BUDGET		
<b>OPERATING REVENUES</b>	12	12	0	12	12		115
<b>OPERATING EXPENSES:</b>							
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES MAINTENANCE	-	-	-	68	15	53	15
GENERAL AND ADMINISTRATIVE	1	3	(2)	-	7	(7)	7
UTILITIES	-	-	-	-	1	(1)	1
PROFESSIONAL SERVICES	-	-	-	-	-	-	-
MARKETING AND PROMOTION	10	9	1	-	-	-	-
ALL OTHER	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	11	12	(1)	68	23	45	23
<b>OPERATING INCOME</b>	1	-	1	76	92	(16)	92
<b>NON-OPERATING (INCOME) AND EXPENSE</b>	-	-	-	(1)	-	(1)	-
<b>DEPRECIATION</b>	-	-	-	81	100	(19)	100
<b>NET OPERATING INCOME</b>	1	-	1	(4)	(8)	4	(8)

# STATEMENT OF OPERATIONS FOR THE TEN MONTH PERIOD ENDING JUNE 30, 2021 PORT AUTHORITY OF NEW HAMPSHIRE (RESTRICTED)

(CONTINUED)

(\$ 000'S)

REVOLVING LOAN FUND	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET	BALANCE AT 06-30-2021	BALANCE AT 06-30-2020
<b>OPERATING REVENUES</b>	<b>35</b>	<b>41</b>	<b>(6)</b>	<b>41</b>		
<b>OPERATING EXPENSES:</b>						
PERSONNEL SERVICES AND BENEFITS	-	-	-	-		
BUILDINGS AND FACILITIES MAINTENANCE	-	-	-	-	225	210
GENERAL AND ADMINISTRATIVE	1	1	0	1	225	210
UTILITIES	-	-	-	-		
PROFESSIONAL SERVICES	9	27	(18)	27		
MARKETING AND PROMOTION	-	-	-	-	98	175
ALL OTHER	-	-	-	-	921	838
<b>TOTAL OPERATING EXPENSES</b>	<b>10</b>	<b>28</b>	<b>(18)</b>	<b>28</b>	<b>1,244</b>	<b>1,223</b>
<b>OPERATING INCOME</b>	<b>25</b>	<b>13</b>	<b>12</b>	<b>13</b>	<b>1,019</b>	<b>1,013</b>
<b>NON-OPERATING (INCOME) AND EXPENSE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>DEPRECIATION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81.9%</b>	<b>82.8%</b>
<b>NET OPERATING INCOME</b>	<b>25</b>	<b>13</b>	<b>12</b>	<b>13</b>		

(\*) EXCLUDES SEQUESTERED FUNDS.

# CASH FLOW PROJECTIONS FOR THE NINE MONTH PERIOD ENDING APRIL 30, 2022

**BOARD OF DIRECTORS MEETING  
AUGUST 19, 2021**



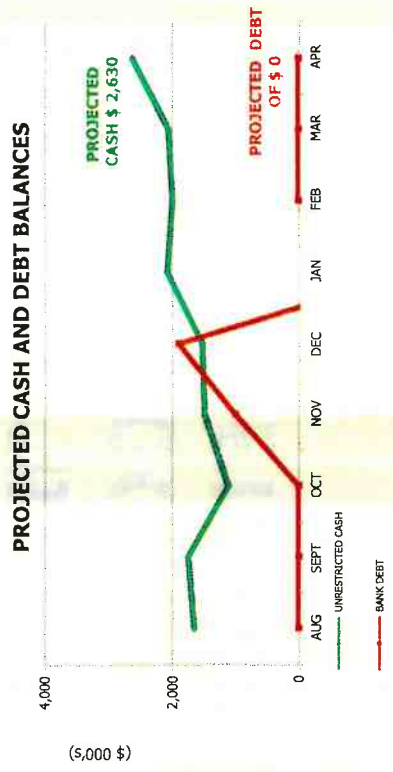
FINANCIAL STATEMENTS FOR THE YEAR ENDING 2021 TO VISIT 30' 3033  
CIVIL ENGINEERING ORGANIZATION  
MEMBER OF THE ASSOCIATION OF PROFESSIONAL ENGINEERS

# PEASE DEVELOPMENT AUTHORITY CASH FLOW SUMMARY OVERVIEW AUGUST 1, 2021 TO APRIL 30, 2022

(EXCLUDING DIVISION OF PORTS AND HARBORS)

(\$ 000's)

	<u>AMOUNT</u>	<u>DISCUSSION</u>
<b>OPENING FUND BALANCE</b>	<b>2,985</b>	
<b>SOURCES OF FUNDS</b>		
GRANT AWARDS (SEE PAGE #9)	4,170	AT THIS TIME, THE PDA DOES ANTICIPATE THE NEED TO UTILIZE IT'S CREDIT FACILITIES WITH THE PROVIDENT BANK TO FINANCE PROJECTED NON-GRANT RELATED CAPITAL EXPENDITURES AND OR WORKING CAPITAL REQUIREMENTS.
TRADEPORT TENANTS	7,215	
MUNICIPAL SERVICE FEE (COP)	1,916	
GOLF COURSE FEE AND CONCESSION REVENUES	1,667	
REVOLVING LINE OF CREDIT (PROVIDENT BANK)	0	CURRENT SENSITIVITIES TOWARD FUTURE PROJECTIONS INCLUDE 1) RECEIPT OF FEDERAL / STATE GRANT AWARDS, INCLUSIVE OF THE PSM TERMINAL & RUNWAY, 2) ACCURACY OF THE CAPITAL EXPENDITURE AND REIMBURSEMENT FORECAST, AND 3) SALE OF 30 NH AVE.
PSM AIRPORT- LEASES, FUEL FLOWAGE FEES AND PARKING	1,085	
SKYHAVEN AIRPORT HANGAR AND FUEL REVENUES	120	
SALE OF 30 NH AVE	1,750	
	<u>17,923</u>	
<b>USES OF FUNDS</b>		
OPERATING EXPENSES	7,690	
CAPITAL EXPENDITURES- NON-GRANT (SEE PAGES #5-#8)	4,931	
CAPITAL EXPENDITURES- GRANT (SEE PAGE #4)	4,239	
MUNICIPAL SERVICE FEE (COP)- NET	1,350	
STATE OF NH- POST RETIREMENT	68	
	<u>18,278</u>	
<b>NET CASH FLOW</b>	<b>(355)</b>	
<b>CLOSING FUND BALANCE</b>	<b>2,630</b>	



TOTAL FUND BALANCES	BALANCE AT 07-31-2021	BALANCE AT 06-30-2021
UNRESTRICTED	2,985	2,469
DESIGNATED	14	14
TOTAL	<u>2,999</u>	<u>2,483</u>



# PEASE DEVELOPMENT AUTHORITY STATEMENT OF CASH FLOW (UNRESTRICTED FUNDS)

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(\$ 000's)

	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>TOTAL</u>
<b>OPENING FUND BALANCE</b>	<b><u>2,985</u></b>	<b><u>1,647</u></b>	<b><u>1,749</u></b>	<b><u>1,110</u></b>	<b><u>1,487</u></b>	<b><u>1,521</u></b>	<b><u>2,078</u></b>	<b><u>1,997</u></b>	<b><u>2,056</u></b>	<b><u>2,985</u></b>
<b>SOURCES OF FUNDS</b>										
GRANT AWARDS (SEE PAGE #9)	1,212	50	-	120	663	2,125	-	-	-	4,170
TRADEPORT TENANTS	825	790	790	825	790	790	790	825	790	7,215
MUNICIPAL SERVICE FEE	132	132	404	132	132	340	132	132	380	1,916
GOLF COURSE	475	395	260	157	30	25	25	65	235	1,667
PORTSMOUTH AIRPORT - (PSM)	50	45	45	50	45	45	50	45	45	420
PSM PAY FOR PARKING	25	25	40	60	65	60	65	50	60	450
PSM FLOWAGE FEES	25	20	20	25	25	25	25	25	25	215
SKYHAVEN AIRPORT	15	15	15	13	12	12	12	12	14	120
SALE OF 30 NH	-	1,750	-	-	-	-	-	-	-	1,750
EXTERNAL FINANCING- NET	-	-	-	1,000	900	(1,900)	-	-	-	-
	<u>2,759</u>	<u>3,222</u>	<u>1,574</u>	<u>2,382</u>	<u>2,662</u>	<u>1,522</u>	<u>1,099</u>	<u>1,154</u>	<u>1,549</u>	<u>17,923</u>
<b>USE OF FUNDS</b>										
CAPITAL- GRANT RELATED (SEE PAGE #4)	2,451	1,200	238	95	170	45	20	20	-	4,239
CAPITAL- NONGRANT (SEE PAGES #5-#8)	816	960	1,095	1,190	320	100	240	155	55	4,931
OPERATING EXPENSES	830	960	880	720	720	820	920	920	920	7,690
MUNICIPAL SERVICE FEE	-	-	-	-	1,350	-	-	-	-	1,350
STATE OF NH- POST RETIREMENT	-	-	-	-	68	-	-	-	-	68
	<u>4,097</u>	<u>3,120</u>	<u>2,213</u>	<u>2,005</u>	<u>2,628</u>	<u>965</u>	<u>1,180</u>	<u>1,095</u>	<u>975</u>	<u>18,278</u>
<b>NET CASH FLOW</b>	<b>(1,338)</b>	<b>102</b>	<b>(639)</b>	<b>377</b>	<b>34</b>	<b>557</b>	<b>(81)</b>	<b>59</b>	<b>574</b>	<b>(355)</b>
<b>CLOSING FUND BALANCE</b>	<b><u>1,647</u></b>	<b><u>1,749</u></b>	<b><u>1,110</u></b>	<b><u>1,487</u></b>	<b><u>1,521</u></b>	<b><u>2,078</u></b>	<b><u>1,997</u></b>	<b><u>2,056</u></b>	<b><u>2,630</u></b>	<b><u>2,630</u></b>

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

(\$ 000's)

	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	TOTAL
<b><u>GRANT REIMBURSEMENT PROJECTS</u></b>										
<b><u>PORTSMOUTH AIRPORT</u></b>										
TERMINAL EXPANSION DESIGN AND CONSTRUCTION (AIP 62- \$1.6M)	20	100	75	-	-	-	-	-	-	195
TERMINAL EXPANSION DESIGN AND CONSTRUCTION (AIP 66- \$2.0M)	20	100	75	-	-	-	-	-	-	195
RUNWAY 16-34 RECONSTRUCTION (AIP 64)	2,071	900	50	50	-	-	-	-	-	3,071
TW A SOUTH HOLD BAY (AIP 67)	-	75	13	-	-	-	-	-	-	88
PEASE BOULEVARD-ARBORETUM AVE LOWERY LANE PAVING	300	-	-	20	20	20	20	20	-	100
FRONT END SNOW COMPACT **	-	-	-	-	125	-	-	-	-	125
SNOW REMOVAL EQUIPMENT	15	-	-	-	-	-	-	-	-	15
<b><u>SKYHAVEN AIRPORT</u></b>	<b>2,426</b>	<b>1,175</b>	<b>213</b>	<b>70</b>	<b>145</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>-</b>	<b>4,089</b>
TERMINAL APRON DESIGN (SBG 9)	25	25	25	25	25	25	-	-	-	150
<b>TOTAL GRANT REIMBURSEMENT PROJECTS</b>	<b>2,451</b>	<b>1,200</b>	<b>238</b>	<b>95</b>	<b>170</b>	<b>45</b>	<b>20</b>	<b>20</b>	<b>-</b>	<b>4,239</b>

NOTE:  
\*\* PENDING BOARD APPROVAL

# PEASE DEVELOPMENT AUTHORITY

## CAPITAL EXPENDITURES (EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(CONTINUED):

(\$ 000's)

	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	TOTAL
<b><u>NON-GRANT REIMBURSEMENT PROJECTS</u></b>										
<b><u>TECHNOLOGY</u></b>										
COMPUTERS / PRINTERS / SOFTWARE / TELECOMMUNICATIONS **	-	-	-	5	-	-	-	-	-	5
MICROSOFT SOFTWARE UPGRADES **	-	-	-	-	20	-	-	-	-	20
PAYCHEX PAYROLL KISOSKS **	-	-	-	5	-	-	-	-	-	5
PROPERTY MANAGEMENT SYSTEM	-	30	-	-	-	-	-	-	-	30
TECHNOLOGY ENHANCEMENTS **	-	15	-	-	15	-	-	-	-	30
MAIN SERVER REPLACEMENT **	-	-	-	45	-	-	-	-	-	45
	-	45	-	55	35	-	-	-	-	135
<b><u>GOLF COURSE</u></b>										
COURSE EQUIPMENT **	-	70	-	-	-	-	140	115	-	325
DUMP TRUCK WITH PLOW **	-	-	-	-	-	-	-	-	55	55
GEO THERMAL PUMPS **	-	-	-	-	-	-	-	20	-	20
CLUBHOUSE KITCHEN EQUIPMENT **	-	10	-	-	-	-	-	-	-	10
UTILITY GOLF CARTS **	-	-	-	-	-	-	-	20	-	20
	-	80	-	-	-	-	140	155	55	430

NOTE:  
 \*\* PENDING BOARD APPROVAL

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

(\$ 000's)

(CONTINUED):

	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>TOTAL</u>
<b><u>NON-GRANT REIMBURSEMENT PROJECTS</u></b> (CONTINUED):										
<b><u>PORTSMOUTH AIRPORT</u></b>										
TERMINAL EXPANSION	585	500	675	640	-	-	-	-	-	2,400
TERMINAL CARPETING **	5	-	-	-	-	-	-	-	-	5
AIRFIELD SIGNAGE- LED **	-	55	-	-	-	-	-	-	-	55
MOBILE RADIO UPGRADE **	25	-	50	-	-	-	-	-	-	75
FENCE CONSTRUCTION **	10	10	25	-	-	-	-	-	-	45
GENERATOR UPGRADE **	-	10	-	-	-	-	-	-	-	10
REPEATERS **	-	-	-	50	-	-	-	-	-	50
HIGH LIFT **	-	20	-	-	-	-	-	-	-	20
139 INSPECTION PROGRAM SOFTWARE **	8	-	-	-	-	-	-	-	-	8
	<b>633</b>	<b>595</b>	<b>750</b>	<b>690</b>	-	-	-	-	-	<b>2,668</b>

NOTE:  
\*\* PENDING BOARD APPROVAL



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

(\$ 000's)

(CONTINUED):

	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>TOTAL</u>
<b><u>NON-GRANT REIMBURSEMENT PROJECTS (CONTINUED):</u></b>										
<b><u>SECURITY</u></b>										
<b>PSM</b>										
CCTV SECURITY GATES **	-	50	-	50	-	-	-	-	-	100
DOOR ACCESS CONTROL **	-	100	-	-	-	-	-	-	-	100
SECURITY SYSTEM UPGRADE **	-	-	-	170	100	-	-	-	-	270
	-	<u>150</u>	<u>50</u>	<u>170</u>	<u>100</u>	-	-	-	-	<u>470</u>
<b>DAW</b>										
DOOR ACCESS CONTROL **	-	-	25	-	-	-	-	-	-	25
TAXIWAY RELAMPING **	25	-	-	-	-	-	-	-	-	25
JET A FUEL TANK **	-	-	-	-	10	-	-	-	-	10
FUEL SYSTEM CREDIT CARD **	-	-	5	-	-	-	-	-	-	5
SRE DOOR REPLACEMENT **	-	-	15	-	-	-	-	-	-	15
REROOF TERMINAL BUILDING **	-	-	25	-	-	-	-	-	-	25
	<u>25</u>	-	<u>70</u>	-	<u>10</u>	-	-	-	-	<u>105</u>

NOTE:  
\*\* PENDING BOARD APPROVAL

# PEASE DEVELOPMENT AUTHORITY CAPITAL EXPENDITURES

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(CONTINUED)

(\$ 000's)

	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	TOTAL
<b><u>NON-GRANT REIMBURSEMENT PROJECTS</u></b> (CONTINUED)										
<b><u>TRADEPORT</u></b>										
STORMWATER TREATMENT (IDDE)	-	25	25	25	25	-	-	-	-	100
TANK MAINTENANCE PROGRAM **	-	-	10	-	-	-	-	-	-	10
CORPORATE DRIVE- DRAINAGE **	15	50	50	200	100	100	100	-	-	615
	<b>15</b>	<b>75</b>	<b>85</b>	<b>225</b>	<b>125</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>725</b>
<b><u>MAINTENANCE</u></b>										
VEHICLE FLEET REPLACEMENT **	48	-	-	-	-	-	-	-	-	48
PAINT MACHINE **	-	15	-	-	-	-	-	-	-	15
BUILDING INFRASTRUCTURE **	-	-	-	-	50	-	-	-	-	50
MOWER REPLACEMENT **	15	-	-	-	-	-	-	-	-	15
JOHN DEERE TRACTOR REPLACEMENT **	-	-	140	-	-	-	-	-	-	140
CRACK SEALING MACHINE **	-	-	-	50	-	-	-	-	-	50
TRACK SKID MOWER **	80	-	-	-	-	-	-	-	-	80
	<b>143</b>	<b>15</b>	<b>140</b>	<b>50</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>398</b>
<b>TOTAL NON-GRANT REIMBURSEMENT PROJECTS</b>	<b>816</b>	<b>960</b>	<b>1,095</b>	<b>1,190</b>	<b>320</b>	<b>100</b>	<b>240</b>	<b>155</b>	<b>55</b>	<b>4,931</b>

NOTE:  
\*\* PENDING BOARD APPROVAL

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

(\$ 000's)

	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>TOTAL</u>
<b><u>PORTSMOUTH AIRPORT</u></b>										
TERMINAL EXPANSION DESIGN AND CONSTRUCTION (AIP 62-\$1.6M)	-	-	-	-	211	-	-	-	-	211
TERMINAL EXPANSION DESIGN AND CONSTRUCTION (AIP 66-\$2.0M)	-	-	-	-	167	-	-	-	-	167
RUNWAY 16-34 DESIGN (AIP 58)	79	5	-	-	-	-	-	-	-	84
RUNWAY 16-34 RECONSTRUCTION (AIP 64)	773	-	-	-	-	2,000	-	-	-	2,773
RUNWAY- AIR NATIONAL GUARD	360	-	-	-	-	-	-	-	-	360
TW A SOUTH HOLD BAY	-	-	-	90	-	-	-	-	-	90
PEASE BOULEVARD- ARBORETUM AVE	-	-	-	-	-	50	-	-	-	50
LOWERY LANE PAVING	-	-	-	-	285	-	-	-	-	285
<b><u>SKYHAVEN AIRPORT</u></b>										
TERMINAL APRON DESIGN (SBG-7)	-	45	-	30	-	75	-	-	-	150
<b>TOTAL</b>	<b>1,212</b>	<b>50</b>	<b>-</b>	<b>120</b>	<b>663</b>	<b>2,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,170</b>

# PEASE DEVELOPMENT AUTHORITY CREDIT FACILITIES AND OUTSTANDING DEBT ANALYSIS

(\$ 000's)

REVOLVING LETTER OF CREDIT (RLOC)  
THE PROVIDENT BANK

AMOUNT OF CREDIT FACILITY

15,000

AMOUNT CURRENTLY AVAILABLE

15,000

TERM DATE

12-31-2022

PURPOSE

TO FUND CAPITAL IMPROVEMENTS AND WORKING CAPITAL NEEDS.

INTEREST RATE

ONE MONTH FHLB (CLASSIC) + 250 BASIS POINTS

MINIMUM SIZE OF DRAWDOWN

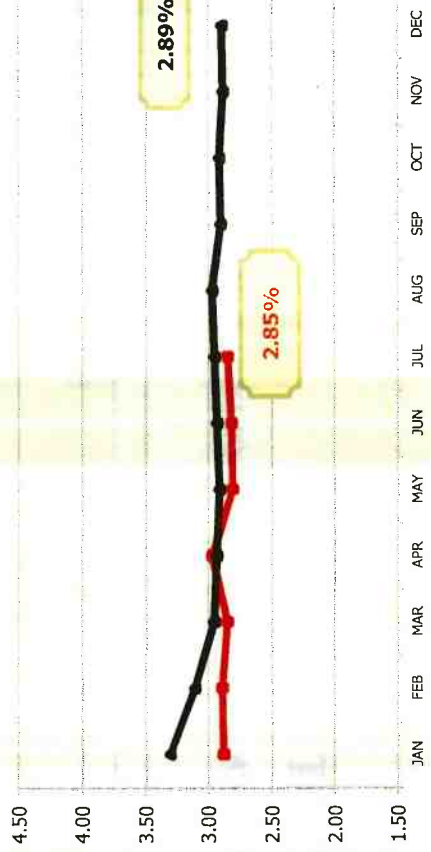
NO MINIMUM

OTHER

DOES NOT CARRY THE STATE GUARANTEE

OUTSTANDING DEBT ANALYSIS	BALANCE AT 07-31-2021	BALANCE AT 06-30-2021	MATURITY DATE	INTEREST RATE %
THE PROVIDENT BANK (RLOC)	-	-	12-31-2022	VARIABLE
WEIGHTED AVERAGE	=	=		
	2.85%			

TRENDING THE ONE MONTH FHLB (CLASSIC) INTEREST RATE + MARK-UP 2021 VERSUS 2020





# DIVISION OF PORTS AND HARBORS CASH FLOW SUMMARY OVERVIEW AUGUST 1, 2021 TO APRIL 30, 2022

(\$ 000's)

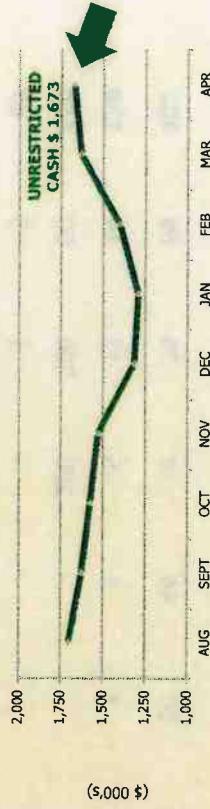
	<u>AMOUNT</u>
<b>OPENING FUND BALANCE</b>	<u>1,753</u>
<b><u>SOURCES OF FUNDS</u></b>	
FUEL SALES	487
FACILITY RENTALS AND CONCESSIONS	230
REGISTRATIONS / WHARFAGE	537
MOORING FEES	450
PARKING FEES	67
	<u>1,771</u>
<b><u>USES OF FUNDS</u></b>	
PERSONNEL SERVICES AND BENEFITS	1,180
FUEL PROCUREMENT	196
OPERATING EXPENSES	368
CAPITAL EXPENDITURES AND OTHER	80
STATE OF NH- POST RETIREMENT	28
	<u>1,852</u>
<b>NET CASH FLOW</b>	<u>(81)</u>
<b>CLOSING FUND BALANCE</b>	<u>1,673</u>

**DISCUSSION**

CURRENT SENSITIVITIES TOWARD FUTURE PROJECTIONS INCLUDE 1) ACCURACY OF CAPITAL EXPENDITURE FORECAST AND USE OF HARBOR DREDGING AND PIER MAINTENANCE FUNDS, 2) WORKERS COMPENSATION CLAIMS, 3) FUEL CONSUMPTION AND 4) CONTINUED CONTAINMENT OF EMPLOYEE OVERTIME.

\$ 252 LOAN AMORTIZATION PERIOD AND INTEREST RATE ASSOCIATED WITH HB 25-FN-A (PISCATAQUA RIVER TURNING BASIN), HAS YET TO BE DETERMINED. LONG TERM LIABILITY.

**PROJECTED UNRESTRICTED CASH BALANCES**



	<b>BALANCE AT 07-31-2021</b>	<b>BALANCE AT 06-30-2021</b>
<b>TOTAL FUND BALANCES</b>	<b>1,753</b>	<b>1,888</b>
<b>UNRESTRICTED FUNDS</b>	<b>153</b>	<b>153</b>
<b>DESIGNATED FUNDS:</b>		
HARBOR DREDGING	326	317
REVOLVING LOAN FUND	245	225
FOREIGN TRADE ZONE	8	8
	<u>579</u>	<u>550</u>

# DIVISION OF PORTS AND HARBORS

## STATEMENT OF CASH FLOW

### (UNRESTRICTED FUNDS)

(\$ 000's)

	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>TOTAL</u>
<b>OPENING FUND BALANCE</b>	<u>1,753</u>	<u>1,703</u>	<u>1,628</u>	<u>1,576</u>	<u>1,530</u>	<u>1,318</u>	<u>1,293</u>	<u>1,402</u>	<u>1,632</u>	<u>1,753</u>
<b><u>SOURCES OF FUNDS</u></b>										
FACILITY RENTALS AND CONCESSIONS	57	46	53	50	50	44	48	70	69	487
FUEL SALES	69	72	37	9	7	5	5	12	14	230
MOORING FEES	-	-	-	-	-	-	200	200	50	450
PARKING FEES	25	25	10	1	-	-	-	1	5	67
REGISTRATIONS / WHARFAGE	70	90	40	22	25	80	60	100	50	537
	<u>221</u>	<u>233</u>	<u>140</u>	<u>82</u>	<u>82</u>	<u>129</u>	<u>313</u>	<u>383</u>	<u>188</u>	<u>1,771</u>
<b><u>USE OF FUNDS</u></b>										
PERSONNEL SERVICES AND BENEFITS	140	200	115	90	225	100	100	110	100	1,180
FUEL PROCUREMENT	59	61	31	8	6	4	4	10	12	196
UTILITIES	10	25	10	10	10	10	10	10	11	106
GENERAL AND ADMINISTRATIVE	12	12	16	10	10	10	10	12	15	107
BUILDINGS AND FACILITIES	10	10	10	10	15	30	30	10	10	135
PROFESSIONAL SERVICES	-	-	10	-	-	-	10	-	-	20
CAPITAL EXPENDITURES AND OTHER	40	-	-	-	-	-	40	-	-	80
STATE OF NH- POST RETIREMENT	-	-	-	-	28	-	-	-	-	28
	<u>271</u>	<u>308</u>	<u>192</u>	<u>128</u>	<u>294</u>	<u>154</u>	<u>204</u>	<u>152</u>	<u>148</u>	<u>1,852</u>
<b>NET CASH FLOW</b>	<u>(50)</u>	<u>(75)</u>	<u>(52)</u>	<u>(46)</u>	<u>(212)</u>	<u>(25)</u>	<u>109</u>	<u>231</u>	<u>40</u>	<u>(81)</u>
<b>CLOSING FUND BALANCE</b>	<u>1,703</u>	<u>1,628</u>	<u>1,576</u>	<u>1,530</u>	<u>1,318</u>	<u>1,293</u>	<u>1,402</u>	<u>1,632</u>	<u>1,673</u>	<u>1,673</u>

# DIVISION OF PORTS AND HARBORS STATEMENT OF CASH FLOW- HARBOR DREDGING FUND (RESTRICTED FUNDS)

(\$ 000's)

	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	TOTAL
<b>OPENING FUND BALANCE</b>	326	284	290	298	304	312	318	276	282	326
<b><u>SOURCES OF FUNDS</u></b>										
PIER USAGE FEES	8	8	8	8	8	8	8	8	8	72
REGISTRATIONS	2	-	-	2	-	-	2	-	-	6
FUEL FLOWAGE FEES	-	-	-	-	-	-	-	-	-	-
GRANT FUNDING	-	-	-	-	-	-	-	-	-	-
	10	8	8	10	8	8	10	8	8	78
<b><u>USE OF FUNDS</u></b>										
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES	-	2	-	2	-	2	-	2	-	8
GENERAL AND ADMINISTRATIVE	2	-	-	2	-	-	2	-	-	6
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	-	-	-	-	-	-	-	-	-	-
ALL OTHER- (CBOC)	50	-	-	-	-	-	50	-	-	100
	52	2	-	4	-	2	52	2	-	114
<b>NET CASH FLOW</b>	(42)	6	8	6	8	6	(42)	6	8	(36)
<b>CLOSING FUND BALANCE</b>	284	290	298	304	312	318	276	282	290	290

# DIVISION OF PORTS AND HARBORS

## STATEMENT OF CASH FLOW- REVOLVING LOAN FUND

### (RESTRICTED FUNDS)

(\$ 000's)

	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	TOTAL
<b>OPENING FUND BALANCE</b>	245	256	268	277	289	301	235	247	260	245
<b><u>SOURCES OF FUNDS</u></b>										
LOAN REPAYMENTS	10	10	10	10	10	10	10	10	10	90
INTEREST INCOME-LOANS	1	2	1	1	2	1	1	2	2	13
INTEREST INCOME- FUND BALANCE	2	2	2	2	2	2	2	2	2	18
	13	14	13	13	14	13	13	14	14	121
<b><u>USE OF FUNDS</u></b>										
NEW LOANS PROJECTED	-	-	-	-	-	75	-	-	-	75
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES	-	-	-	-	-	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	2	-	-	2	-	-	2	6
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	2	2	2	1	2	2	1	1	1	14
ALL OTHER	-	-	-	-	-	-	-	-	-	-
	2	2	4	1	2	79	1	1	3	95
<b>NET CASH FLOW</b>	11	12	9	12	12	(66)	12	13	11	26
<b>CLOSING FUND BALANCE</b>	256	268	277	289	301	235	247	260	271	271



**DIVISION OF PORTS AND HARBORS**  
**STATEMENT OF CASH FLOW- FOREIGN TRADE ZONE FUND**  
**(RESTRICTED FUNDS)**

(\$ 000's)

	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>TOTAL</u>
<b>OPENING FUND BALANCE</b>	<u>8</u>	<u>6</u>	<u>4</u>	<u>9</u>	<u>14</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>10</u>	<u>8</u>
<b><u>SOURCES OF FUNDS</u></b>										
FACILITY RENTALS	-	-	5	5	-	-	-	-	-	10
ALL OTHER	-	-	-	-	-	-	-	-	-	-
	-	-	5	5	-	-	-	-	-	10
<b><u>USE OF FUNDS</u></b>										
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES	-	-	-	-	-	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	2	2	-	-	2	-	-	2	2	10
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	-	-	-	-	-	-	-	-	-	-
ALL OTHER	-	-	-	-	-	-	-	-	-	-
	2	2	-	-	2	-	-	2	2	10
<b>NET CASH FLOW</b>	(2)	(2)	5	5	(2)	-	-	(2)	(2)	-
<b>CLOSING FUND BALANCE</b>	<u>6</u>	<u>4</u>	<u>9</u>	<u>14</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>10</u>	<u>8</u>	<u>8</u>

## MOTION

Director Lamson:

The Pease Development Authority (“PDA”) Board of Directors hereby authorizes the Executive Director to execute any and all necessary documents with respect to establishing a PDA business account at the Service Credit Union (“SCU”), designate authorized signatories on the account, and adopt any required Service Credit Union account resolutions. The following appointed official and PDA employees are authorized to endorse all checks, drafts, depository agreements, and/or other related bank documents in accordance with the powers so authorized and granted:

Thomas G. Ferrini	Treasurer
Paul E. Brean	Executive Director
Anthony I. Blenkinsop	Deputy Director / General Counsel
Maria Stowell	Manager of Engineering

The authority hereby conferred upon the above named Agents shall be and remain in full force and effect until written notice of the revocation is presented.

**Date:** August 9, 2021

**To:** Paul Brean, Executive Director

**From:** Suzy Anzalone, Director of Finance

*fab*  
*Suz*

**Subject:** Cash Management – Pease Golf Course

Pease Golf Course management has been using Cambridge Trust for their daily cash deposits until mid-July when the Tradeport branch closed. We currently have an account at Provident Bank for golf course credit card deposits, so switching to this bank seemed like a logical move. However, the closest branch is on Maplewood Ave in downtown Portsmouth. This branch does not have a drive through and metered parking is required. Finding parking spots downtown can be difficult, especially during the summer months.

In order to minimize travel time and metered parking costs, I recommend that we open a business account at Service Credit Union, which has a branch at the Tradeport. I understand they have partnered with us in the past so this would not only be a convenient transition, but would be supportive of a business at the Tradeport. I have spoken with their branch manager, Amber Lang, and have the necessary paperwork to open the account.

I ask that we seek approval at the August, 2021 Pease Development Authority Board of Director's meeting to open a business account, designate authorized signatories on the account, as well as request an adoption by the Board of any required Service Credit Union account resolutions.

As always, please let me know if you have any questions or need supplemental information.

**MEMORANDUM**

TO: Pease Development Authority Board of Directors *fab*  
FROM: Paul E. Brean, Executive Director  
RE: Licenses / ROEs / Easements / Rights of Way  
DATE: August 9, 2021

\*\*\*\*\*

In accordance with the "Delegation to Executive Director: Consent, Approval and Execution of License Agreements," PDA entered into the following Right-of-Entry:

1. Name: Veterans Count Event  
License: Right-of-Entry  
Location: 120 Aviation Avenue & 2 Parking lots located at Aviation Avenue & Hampton Street  
Purpose: Hosting of "On the Tarmac" fundraising event and to utilize the parking lots for participant vehicle parking  
Term: September 9, 2021 through September 11, 2021

Director Fournier was consulted and granted his consent.

2. Name: DGA Productions & MLB Network  
License: Right-of-Entry  
Location: Portsmouth International Airport at Pease (PSM)  
Purpose: Commercial Shoot  
Term: June 21, 2021 through June 23, 2021

Director Fournier was consulted and granted his consent.

3. Name: US Navy  
License: Right-of-Entry  
Location: Use of North Apron  
Purpose: Emergency Vehicle Operating Classes (EVOC)  
Term: July 2, 2021 through December 31, 2021

Director Fournier was consulted and granted his consent.



4. Name: Pease Greeters  
License: Right-of-Entry  
Location: Portsmouth International Airport at Pease (“PSM”)  
Purpose: Enter into certain areas of the terminal building for the purpose of setting up and conducting troop flight welcome activities  
Term: July 1, 2021 through December 31, 2021

Director Fournier was consulted and granted his consent.

5. Name: PROCON LLC  
License: Right-of-Entry  
Location: North Apron  
Purpose: Site Inspection Purposes  
Term: Through December 31, 2021

Director Fournier was consulted and granted his consent.

6. Name: PROCON LLC  
License: Right-of-Entry  
Location: 14 Aviation Avenue (a/k/a Hangar 227)  
Purpose: Site Inspection Purposes  
Term: Through December 31, 2021

Director Fournier was consulted and granted his consent.

7. Name: Herb Gillen Airshows, LLC  
License: Right-of-Entry  
Location: South Terminal Overflow Apron  
Purpose: Air Show Parking  
Term: September 10, 2021 Through September 13, 2021

Director Fournier was consulted and granted his consent.

8. Name: Wood Environment & Infrastructure Solutions, Inc.  
License: Right-of-Entry  
Location: 35 Airline Avenue  
Purpose: Utilizing 3,200 square feet within the Premises at its sole risk, for storage of well testing equipment and associated materials  
Term: August 4, 2021 Through January 31, 2022

Director Fournier was consulted and granted his consent.

August 10, 2021

Joseph T. Emmons, Chief Development Officer  
Easter Seals – NH  
555 Auburn Street  
Manchester, NH 03101

**Re: Right of Entry for Use of Parking Area located at Intersection of Aviation Avenue and Hampton Street and Use of Corporate Apron at 120 Aviation Avenue for the “On the Tarmac” Fundraising Event, September 9, 2021 – September 11, 2021**

Dear Mr. Emmons:

This letter will authorize Veterans Count, Seacoast Chapter, a program of Easter Seals New Hampshire, a New Hampshire non-profit corporation (“Veterans Count”), to utilize the Corporate Apron at 120 Aviation Avenue, Portsmouth International Airport at Pease (“PSM”), as shown on the attached **Exhibit A** (the “Premises”), for the purposes of hosting the “On the Tarmac” fundraising event, including setup and breakdown of the event. Veterans Count is also authorized to utilize two parking lots located at the intersection of Aviation Avenue and Hampton Street for the purpose of vehicle parking for the On the Tarmac event participant vehicles, as shown on the attached **Exhibit B**, (the “Event Parking”), and is authorized to permit pedestrian access between the Event Parking and the Premises in locations approved by the PDA (the “Pedestrian Access”). The permitted uses of these areas will be between the hours of 7:00 a.m. to 10:00 p.m. on September 9<sup>th</sup>, between the hours of 7:00 a.m. to 1:00 a.m. on September 11<sup>th</sup>, and between the hours of 9:00 a.m. to 7:00 p.m. on September 11<sup>th</sup>. The privileges granted under this Right of Entry will expire at the conclusion of use or 7:00 p.m. on September 11, 2021, unless otherwise extended by written agreement signed by Veterans Count and the Pease Development Authority (“PDA”). This authorization is conditioned upon the following:

1. Veterans Count’s agreement that all On the Tarmac event planning shall be coordinated with PDA Airport Operations Staff, and that all PDA requirements concerning event and Airport security shall be followed/implemented.
2. Veterans Count’s agreement herein that any use of the Premises, Event Parking, and Pedestrian Access is at its sole risk and that its signature below constitutes its agreement to assume full responsibility for any and all risk 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, patrons, or invitees upon the Premises, Event Parking, or Pedestrian Access, as well as any access roads and/or the exercise of any of the authorities granted herein. Veterans Count expressly waives all claims against the Pease Development

August 10, 2021

**Re: Right of Entry for Use of Parking Area located at Intersection of Aviation Avenue and Hampton Street and Use of Corporate Apron at 120 Aviation Avenue for the "On the Tarmac" Fundraising Event, September 9, 2021 – September 11, 2021**

Authority for any such loss, damage, personal injury or death caused by or occurring as a consequence of the use of the Premises, Event Parking, or Pedestrian Access, or the conduct of activities or the performance of responsibilities under this authorization by Veterans Count employees, agents, patrons, or invitees. Veterans Count 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, judgments, costs and attorney's fees arising out of or related to the use of the Premises, Event Parking, or Pedestrian Access, or any activities conducted or undertaken in connection with or pursuant to this authorization by Veterans Count, and its employees, agents, patrons, or invitees.

3. Veterans Count understands and acknowledges that this Right of Entry: (a) allows only temporary use of the Premises, Event Parking, and Pedestrian Access; (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, Event Parking, and Pedestrian Access shall be orderly and efficient, shall not constitute a nuisance, and shall not cause disruption to other Airport activities.

4. Veterans Count understands that all employees, agents, contractors and/or volunteers are subject to a TSA background check prior to the event. Veterans Count shall provide PDA will a complete application for every individual who will require airfield access seven (7) days prior to the first day of the event.

5. Veterans Count and, any agent of Veterans Count utilizing the Premises, Event Parking, and Pedestrian Access for the On the Tarmac event, providing to the PDA satisfactory evidence of comprehensive general liability insurance to a limit of not less than One Million Dollars (\$1,000,000.00) per occurrence, naming the Pease Development Authority as an additional insured, and evidence of workers compensation coverage to statutory limits.

The comprehensive general liability policy issued by the insurer shall contain: **(i)** a provision that no act or omission of any employee, officer or agent of Veterans Count 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.

6. Veterans Count's agreement that vehicles and other equipment are not left on the Premises or Event Parking in excess of the term limits of this Right of Entry and to assume full responsibility for the prompt removal of all vehicle(s) and equipment on the Premises or Event Parking by the end of the term of this Right of Entry.



August 10, 2021

**Re: Right of Entry for Use of Parking Area located at Intersection of Aviation Avenue and Hampton Street and Use of Corporate Apron at 120 Aviation Avenue for the "On the Tarmac" Fundraising Event, September 9, 2021 – September 11, 2021**

7. Veterans Count's agreement that they will provide volunteers to assist guests in parking vehicles, and ensure that all vehicles be parked a minimum of 10 feet away from the Airport perimeter fence.

8. Veterans Count's agreement that vehicle parking is only allowed in the area depicted in **Exhibit B**. PDA has the right, in its sole discretion, to terminate all of or any portion of the Event Parking used for vehicle parking as a priority for PDA operations.

9. Veterans Count's agreement to obtain all permits and/or approvals necessary for the event and any work referenced herein. All work referenced herein shall be done accordance with the plans submitted to and approved by the PDA.

10. Veterans Count's agreement that 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, Event Parking, or Pedestrian Access, or the use and occupation thereof, or for damages to the property or injuries to the person of Veterans Count's patrons, officers, agents, servants or employees, or others who may be on the Premises, Event Parking, or Pedestrian Access at its invitation.

11. Veterans Count's agreement herein that this letter of authorization does not constitute a grant of an exclusive interest in the Premises, Event Parking or Pedestrian Access, an option to lease the Premises, Event Parking, or Pedestrian Access, or an offer to lease the Premises, Event Parking, or Pedestrian Access.

Please indicate by your signature below Veterans Count's consent and agreement to the terms and conditions of this Right of Entry and return the same to me with evidence of insurance.

Very truly yours,

Paul E. Brean,  
Executive Director

Agreed and accepted this \_\_\_\_ day of \_\_\_\_\_, 2021

**Easter Seals - NH**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its Duly Authorized: \_\_\_\_\_

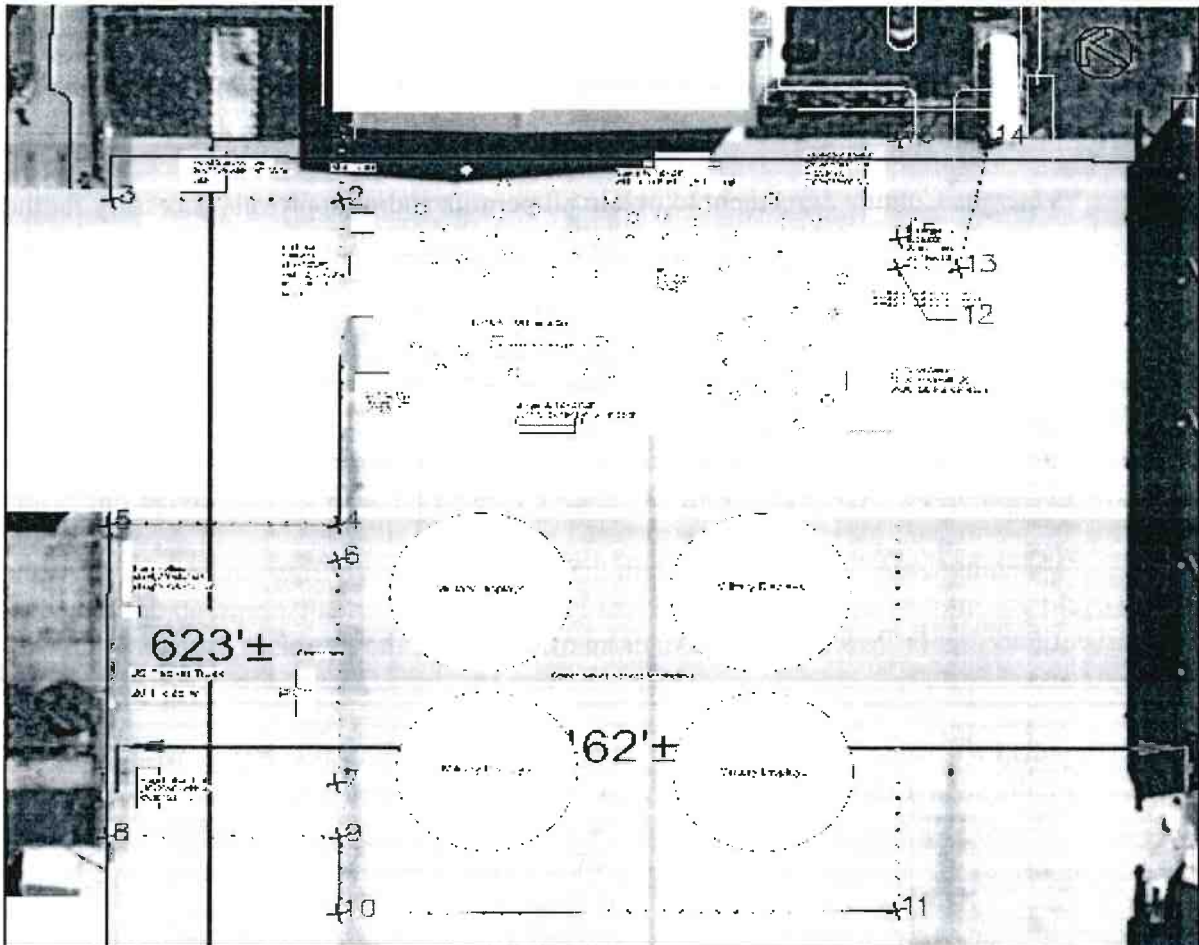


August 10, 2021

Re: Right of Entry for Use of Parking Area located at Intersection of Aviation Avenue and Hampton Street and Use of Corporate Apron at 120 Aviation Avenue for the "On the Tarmac" Fundraising Event, September 9, 2021 – September 11, 2021

EXHIBIT "A"

name: H:\062900 GEN\DWG\exhibitA\6010-POINTS-PSM-GEN-RAMP.dwg Jun 21, 2021 - 10:16am



PI	Easting	Northing	Longitude	Latitude	Longitude	Latitude
1	43.07396286	-70.80749689	210356.86	121384.13	W070° 48' 26.33"	N043° 04' 26.17"
2	43.07392013	-70.80755641	210341.02	1213788.34	W070° 48' 27.34"	N043° 04' 26.11"
3	43.07414309	-70.80777522	210421.78	1213739.11	W070° 48' 27.93"	N043° 04' 26.92"
4	43.07370614	-70.80838552	210261.68	1213657.83	W070° 48' 29.11"	N043° 04' 25.31"
5	43.07392878	-70.80826857	210342.32	1213603.09	W070° 48' 29.77"	N043° 04' 26.14"
6	43.07365282	-70.80813921	210253.03	1213643.57	W070° 48' 29.30"	N043° 04' 25.25"
7	43.07353587	-70.80847707	210198.55	1213553.85	W070° 48' 30.52"	N043° 04' 24.73"
8	43.07372281	-70.80874116	210265.96	1213482.59	W070° 48' 31.47"	N043° 04' 25.40"
9	43.07149736	-70.80855889	210184.3	1213532.94	W070° 48' 30.30"	N043° 04' 24.59"
10	43.07144767	-70.80867109	210165.86	1213507.34	W070° 48' 31.77"	N043° 04' 24.41"
11	43.07290897	-70.80829419	209971.76	1213673.75	W070° 48' 29.51"	N043° 04' 27.47"
12	43.07333555	-70.80725279	210128.89	1213861.72	W070° 48' 26.11"	N043° 04' 24.01"
13	43.0732759	-70.80720574	210117.28	1213824.51	W070° 48' 25.94"	N043° 04' 23.79"
14	43.07333198	-70.80698749	210128.31	1213952.62	W070° 48' 25.15"	N043° 04' 24.00"
15	43.07333300	-70.80720704	210135.73	1213893.87	W070° 48' 25.95"	N043° 04' 24.07"

Re: **Right of Entry for Use of Parking Area located at Intersection of Aviation Avenue and Hampton Street and Use of Corporate Apron at 120 Aviation Avenue for the “On the Tarmac” Fundraising Event, September 9, 2021 – September 11, 2021**

**EXHIBIT “B”**

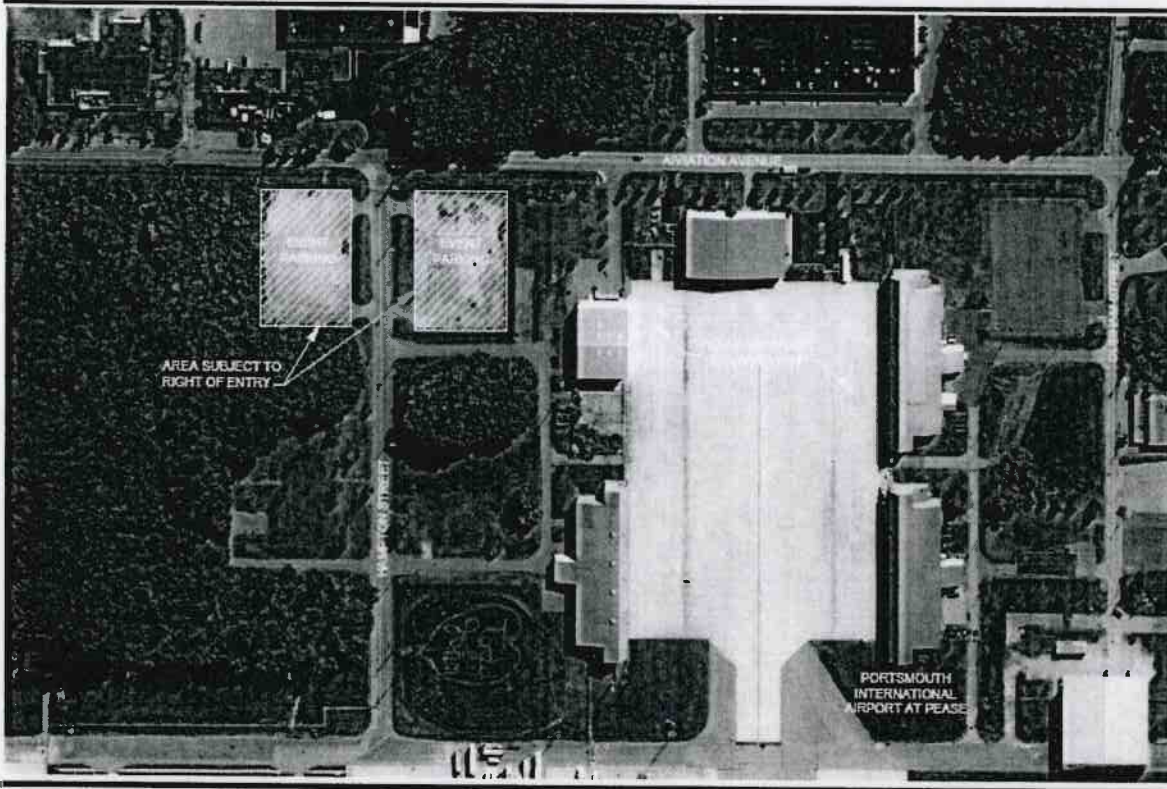


Exhibit B - Event Parking

DESIGNED BY: MRM    DATE: 02/2021    SCALE: 1"=200'

 **PEASE DEVELOPMENT AUTHORITY**

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801

June 15, 2021

**Via Email: erikburbank@gmail.com**

Eric Burbank, Producer  
DGA Productions  
50 Hunt Street  
Watertown, MA 02472

**Re: Right of Entry for Use of Filming Commercial Footage in the  
Portsmouth International Airport at Pease, Portsmouth, NH**

Dear Mr. Burbank:

This Right of Entry will authorize DGA Productions ("DGA"), 50 Hunt Street, Watertown, MA, and/or its agents or employees to enter upon certain property within the Airport Terminal Building at the Portsmouth International Airport at Pease, in Portsmouth, New Hampshire (the "Premises"), only where authorized and escorted by Pease Development Authority Airport staff for the purpose of videotaping and audio recording certain scenes in connection with a commercial advertisement tentatively titled "Major League Baseball/Lysol Commercial" (the "Program"), at its sole risk, and for no other use without the express written consent of the Pease Development Authority ("PDA"). This Right of Entry shall be valid from 8:00 a.m. on June 21, 2021 through 8:00 p.m. on June 23, 2021. The use and occupation of the Premises shall be: (a) without cost or expense to the PDA; (b) subject to the general supervision and approval of the PDA; (c) subject to such rules and regulations as the PDA may prescribe from time to time; and (d) permitted only to the extent it does not interfere with Airport operations.

1. DGA understands and acknowledges that this Right of Entry: (a) allows only temporary use of the Premises; (b) is granted on a non-exclusive basis; and (c) may be revoked at will by the 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. DGA'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 risk 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



June 15, 2021

Page Two

Re: **Right of Entry for Use of Filming Commercial Footage in the  
Portsmouth International Airport at Pease, Portsmouth, NH**

of the authorities granted herein. DGA expressly waives all claims against the PDA for any such loss, damage, personal injury or death caused by or occurring as a consequence of DGA's use of the Premises or the conduct of activities or the performance of responsibilities under this authorization. DGA further agrees to indemnify, save, hold harmless, and defend the PDA, 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 DGA's use of the Premises or any activities conducted or undertaken in connection with or pursuant to this authorization.

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 of repair of the Premises, or the use and occupation thereof, or for damages to the property or injuries to the person of DGA's 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. DGA, and any agent or contractor of DGA, shall provide PDA with satisfactory evidence of comprehensive general liability insurance to a limit of not less than Two Million Dollars (\$2,000,000), naming the PDA as additional insured. DGA and any agent or contractor of DGA shall provide PDA with satisfactory evidence of automobile liability insurance coverage in the amount of \$1,000,000.00, and workers' compensation coverage to statutory limits.

Each such policy or certificate therefor issued by the insurer shall contain: (i) a provision that no act or omission of any employee, officer or agent of DGA 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 PDA; (iii) provide that the insurer shall have no right of subrogation against the PDA; 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.

5. DGA understands and acknowledges that it shall coordinate all activities on the Premises pursuant to this Right of Entry with the PDA Airport Management Department for its use of and access to the Premises to ensure not to impact airport terminal flight activity. Furthermore, DGA understands and acknowledges that it and/or its agents may need to undergo security checks in order to access some or all areas of the Premises required for activities undertaken pursuant to the Right of Entry, and that it shall abide by all requests of the PDA Airport Management Department concerning its use of the Premises.

DGA agrees to provide PDA payment in the amount of \$1,000.00 per day (minimum charge regardless of filming hours), for one (1) day of filming, as well as \$35.00 per hour for the necessary escorting by an Airport Operations Specialist assigned to the task. The \$1,000.00 per diem charge



June 15, 2021

Page Three

Re: **Right of Entry for Use of Filming Commercial Footage in the  
Portsmouth International Airport at Pease, Portsmouth, NH**

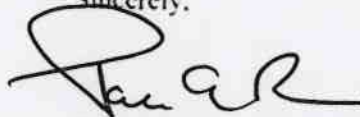
shall be due and payable in advance. The hourly charge shall be billed at the conclusion of filming and be due and payable within thirty (30) days.

6. DGA's agreement herein that this Right of Entry does not constitute a grant of an exclusive interest in the Premises, an option to lease the Premises, or an offer to lease the Premises.

7. DGA will at all times during the existence of this Right of Entry, promptly observe and comply, at its sole cost and expense, with the provisions of all applicable federal, state and local laws, rules, regulations and standards, and in particular those provisions concerning the use of the Airport facility.

Please indicate by your signature or the signature of a duly authorized representative, the consent of the DGA to the terms of this Right of Entry and return the same to me, along with the required insurance certificate and per diem payment, before any work under this Right of Entry may begin.

Sincerely,



Paul E. Brean  
Executive Director

Agreed and accepted this 18 day of JUNE, 2021

DGA Productions

By: Cam Uyeno  
Duly Authorized

Printed Name: CM UYENOYAMA

Title: GP/TREASURER

cc: Anthony I. Blenkinsop, Deputy Director / General Counsel  
Andrew Pomeroy, Manager, Aviation Planning & Regulatory Compliance  
Chasen Congreves, Manager of Airport Administration

## RIGHT-OF-ENTRY AGREEMENT

~~May~~ <sup>July</sup> THIS RIGHT-OF-ENTRY AGREEMENT is made and entered into this 2<sup>nd</sup> day of ~~May~~, 2021, by and between Pease Development Authority, hereinafter called "PDA", and the UNITED STATES OF AMERICA, acting by and through the Naval Facilities Engineering Command Mid-Atlantic, hereinafter called the NAVY, upon the following terms and conditions:

1. PDA hereby grants to the NAVY the non-exclusive right to enter upon the lands owned by PDA at the North Apron of the Pease International Tradeport, more specifically shown on the drawing attached hereto and made a part hereof as Exhibit "A," hereinafter described as "PREMISES," and consents to officers, employees, and authorized representatives (including contractors) of the NAVY entering upon and having periodic and pre-approved access to and across said property through December 31, 2021, in order to conduct Emergency Vehicle Operating Classes (EVOC) and no other use.
2. The PREMISES is part of the Airport Security Identification Display Area ("SIDA"). The NAVY will be required to obtain security badges and qualify as escorts in order for representative, employees and agents to gain access to and remain on the PREMISES. While in SIDA, escort procedures per the requirements of the Pease International Airport Security Program must be met.
3. All costs and expenses incurred by the NAVY in connection with its entry upon the PREMISES shall be borne by the NAVY, with no cost or expense to PDA.
4. The NAVY covenants and agrees that at no time during the use of the PREMISES shall any training be performed within 200 feet of the area utilized by the National Guard.
4. Other than provided herein, it is understood and agreed that the NAVY does not acquire title to or any other interest in the property of PDA by this grant of permission and consent to enter the PREMISES during the term of this right-of-entry or any renewal thereof.
5. PDA does not warrant the condition of the PREMISES permitted hereunder and the NAVY accepts that use of PREMISES is as-is, where-is and this is further documented and represented in the Joint Inventory Inspection Report (JIIR) attached hereto and made part hereof as Exhibit "B".
6. The liability of the Government, if any, for damage to property or for death or injury to any person that may arise out of, or related to any action taken pursuant to this contract shall be determined solely in accordance with the provisions of the Federal Tort Claims Act, 28 U.S.C. section 2671, et seq.
7. Any placement of the equipment or property placed on the PREMISES is subject to the approval of PDA, all equipment and other property taken upon or placed upon the PREMISES

by the NAVY shall remain the property of the NAVY and shall be removed by the NAVY upon the expiration of this right-of-entry.

8. The rights granted herein shall be in effect from the date of execution of this Agreement through December 31, 2021, except that all rights granted herein shall automatically terminate upon the conveyance or transfer of title to the PREMISES to any party not a part hereof. Upon the termination or expiration of this Agreement, the NAVY will remove all its personal property from the PREMISES and repair any damages resulting from its activities conducted on the PREMISES.

9. This written permission is given by the undersigned voluntarily without coercion and without promises of any kind not provided for herein.

10. In consideration of mutual aid response, PDA is providing this right of entry for continued EVOC training of emergency forces

11. The NAVY shall comply with all applicable Federal, State, and local laws, regulations and ordinances, including, but not limited to, the handling, storage, treatment, transportation and disposal of hazardous substances.

11. The NAVY shall, at no expense to PDA, provide safety and security measures in connection with its use of this right-of-entry that are adequate to protect the safety of all users of the subject property or any adjacent property.

12. The NAVY will notify PDA at least twenty-four (24) hours before entry is made on the PREMISES. Authorization shall be granted on a "first come, first serve" basis. Said notice may be provided either in writing by certified mail, email or by telephone to PDA as follows:

Portsmouth International Airport at Pease  
Andrew Pomeroy  
36 Airline Avenue  
Portsmouth, NH 03801  
(603) 766-9231  
[a.pomeroy@peasedev.org](mailto:a.pomeroy@peasedev.org)

13. PDA reserves the right to revoke or terminate this right of entry at will upon written notice to the NAVY. Such written notice shall be provided to the NAVY by certified mail at the following address or via email at:

Attn: Code REBL-DL  
Commanding Officer  
Naval Facilities Engineering Command, Mid – Atlantic  
9324 Virginia Ave.  
Norfolk, Virginia 23511  
[deborah.lord@navy.mil](mailto:deborah.lord@navy.mil)

Local NAVY Representative:

Ms. Jackie Johnston  
Tel: (207) 438-4602  
Jackie.l.johnston@navy.mil

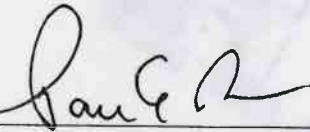
14. Nothing in this Permit is intended or should be interpreted to require any obligation or expenditure of funds in violation of the Anti-Deficiency Act, 31 U.S.C. §1341.


15. Delay in the enforcement of any right hereunder by a party shall not result in a waiver of that right and any waiver by a party hereunder shall require a written instrument, signed by the party to be bound, expressly acknowledging that waiver. The provisions of this right-of-entry may not be amended or altered except by a written instrument fully executed by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Right-of-Entry Agreement as of the date written above.

PEASE DEVELOPMENT AUTHORITY

UNITED STATES OF AMERICA

By:   
Paul Brean  
PDA Executive Director

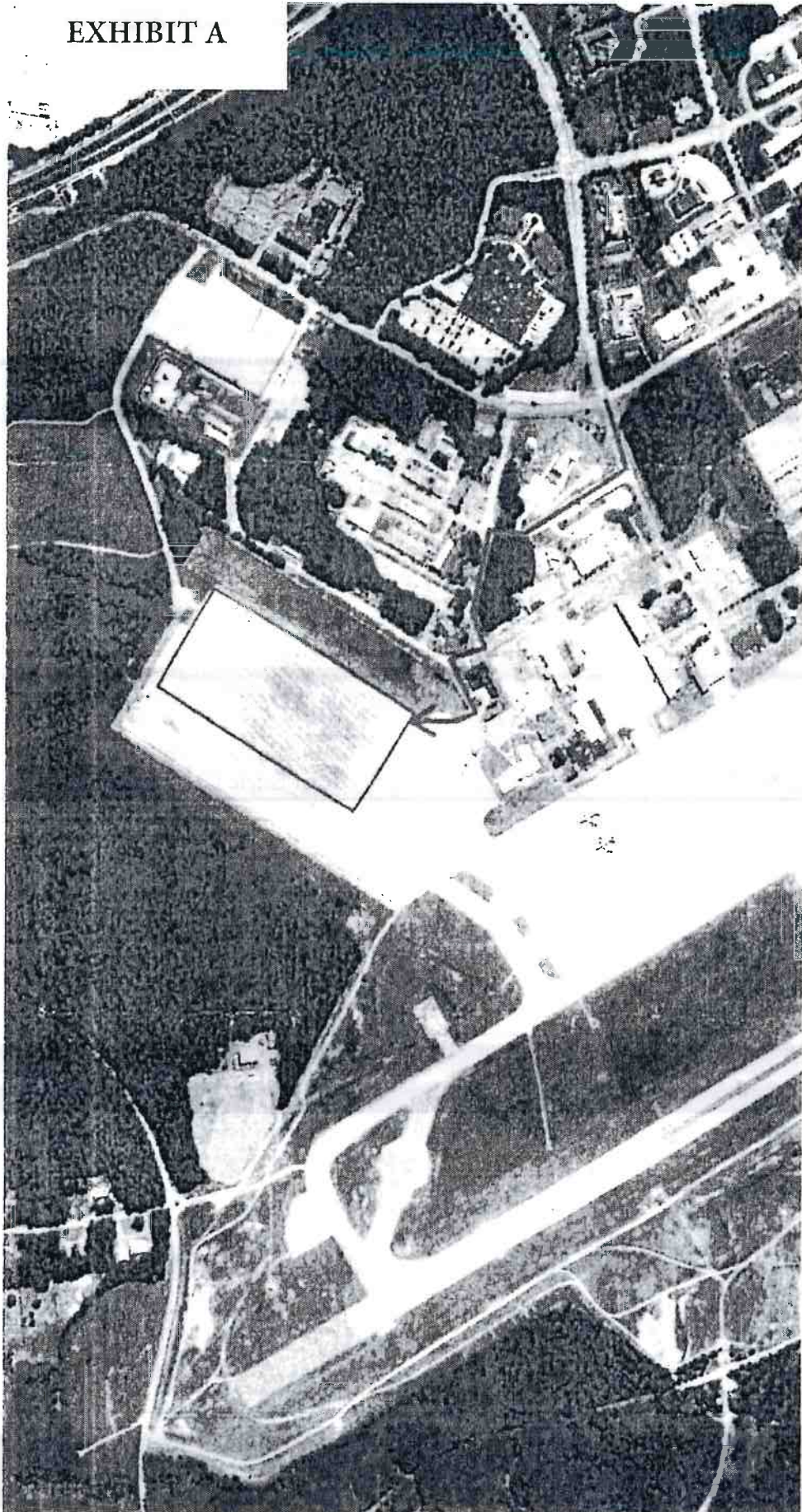
By:   
William S. Whitby  
Real Estate Contracting Officer  
NAVFAC Mid-Atlantic  
By direction

Date: 7/2/2021

Date: \_\_\_\_\_



EXHIBIT A



## JOINT INSPECTION AND INVENTORY REPORT

<b>Lease Number:</b> N40085-20-RP-00122	
<b>Address of Premises:</b> Pease International Tradeport	
<b>Date of Report:</b> 3/18/21	<b>Anticipated Date of Possession:</b> _____ April 2021
<b>Description of Premises:</b> Use of the North Apron of the Pease International Tradeport  (approximately +/- 25 acres).	
<b>CONDITION OF LEASED PREMISES</b>	

THE GENERAL CONDITION AND STATE OF REPAIR OF THE DESCRIBED PREMISES SHOULD BE NOTED BELOW. IN THE FIRST COLUMN, PROVIDE A DESCRIPTION OF THE ITEM (E.G. ENTRY DOOR, CEILING TILE, BATHROOM SINK). IN THE SECOND COLUMN, PUT THE APPLICABLE CODE FROM THE LIST BELOW. IN THE THIRD COLUMN, PROVIDE A BRIEF DESCRIPTION OF THE CONDITION OF THE ITEM.

UNLESS OTHERWISE NOTED, FACILITIES ARE DEEMED TO BE FREE OF DEFECTS OR HAVE NO PROBLEMS OF SIGNIFICANCE TO REPORT.

- A. Item contains chips, cracks, holes, stains, wear and tear, water damage, or other defects that are noted in the remarks section that require immediate repair by the Lessor prior to occupancy.
- B. Item fails to function properly and requires the immediate repair by the Lessor prior to occupancy.
- C. Item contains chips, cracks, holes, stains, wear and tear, water damage, or other defects that are noted in the remarks section that do not require immediate repair by the Lessor, but which must be repaired within 60 days of occupancy.
- D. Item fails to function properly and requires repair by the Lessor within 60 days of occupancy.
- E. Item contains chips, cracks, holes, stains, wear and tear, water damage, or other defects that are noted in the remarks section that do not require repair by the Lessor, but are noted by this report as existing conditions that do not require restoration by the Tenant at the end of tenancy.
- F. Item fails to function properly but does not require repair by the Lessor, but is noted by this report as an existing condition that does not require restoration by the Tenant at the end of tenancy.

\*\*Attach photos of facility and of items listed below that contain defects.

Item	Condition Code	Remarks
Pavement	E	Pavement has visible cracks/holes that do not require repair by Lessor and do not require restoration by Tenant at end of tenancy. Functions properly.
Fencing	-	No visible defects. Functions properly.




**SIGNATURES.** The parties signatures below document the condition of the premises described in Exhibit A.

LICENSEE

Paul E. Beaman  
NAME

7/2/2021  
Date

PAUL E. BEAMAN  
Printed Name

US NAVY REPRESENTATIVE

Megan Sawyer  
NAME

3/22/2021  
Date

Megan Sawyer  
Printed Name

Exhibit "B"

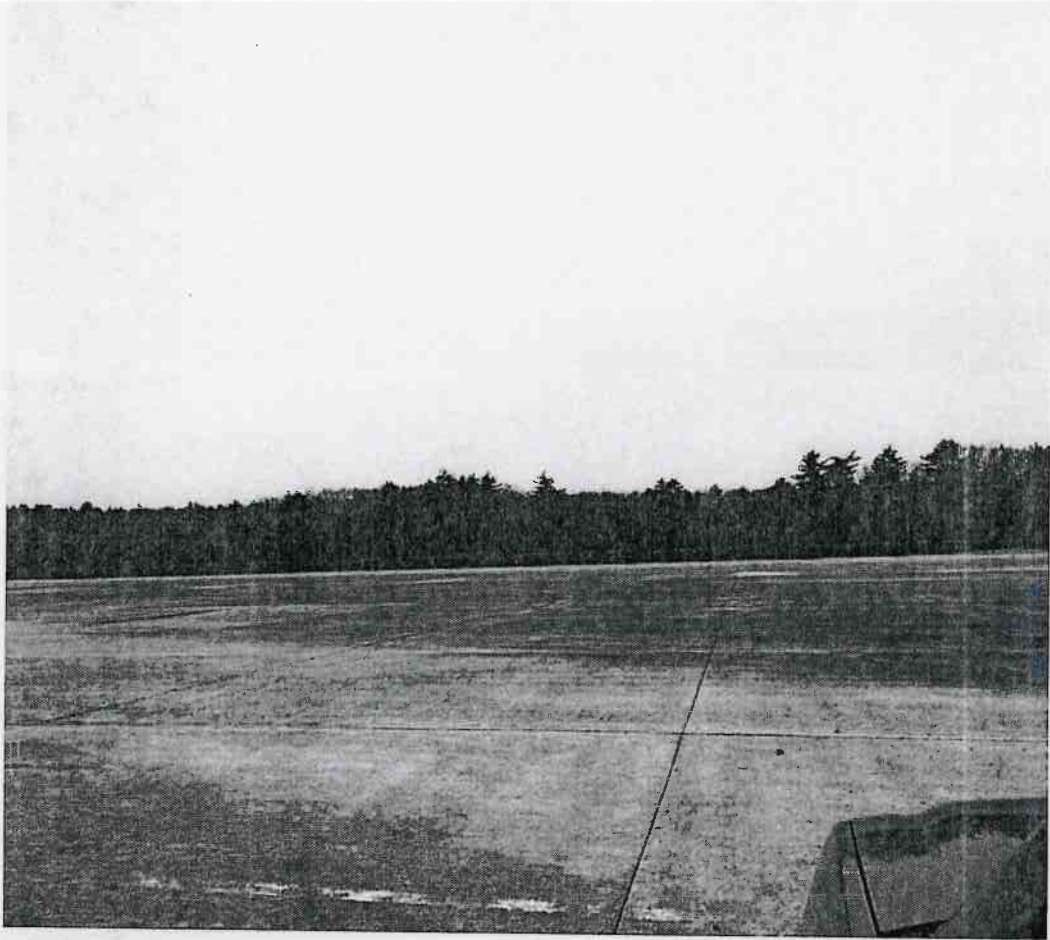
















55 International Drive, Portsmouth NH 03801

June 29, 2021

**VIA E-Mail: PGChair@yahoo.com**

Frank Lasorsa, Chairman  
The Pease Greeters Fund, Inc.  
PO Box 1644  
Portsmouth, NH 03802-1644

**Re: Right of Entry – Pease Greeters Access to Portsmouth International Airport Terminal**

Dear Mr. Lasorsa:

This Right of Entry will authorize The Pease Greeters Fund, Inc., (“Pease Greeters”) a New Hampshire non-profit corporation, its agents and/or volunteers to enter into certain areas of the terminal building at Portsmouth International Airport at Pease (“PSM”), Portsmouth, New Hampshire (the “Premises”) as shown on **Exhibit “A”** for the purpose of setting up and conducting troop flight welcome activities, at its sole risk, and for no other use without the express written consent of the Pease Development Authority (“PDA”). This Right of Entry shall commence on July 1, 2021 and terminate on December 31, 2021.

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; (c) subject to such rules and regulations as the PDA may prescribe from time to time; and (d) permitted to the extent activities do not compromise the safety or security of the airport terminal building.

Pease Greeters understands and acknowledges that this Right of Entry: (a) is granted on a non-exclusive basis; and (b) 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.

Pease Greeters understands that some access areas as shown in Exhibit “A” are part of the Airport Security Identification Area (“SIDA”), as such the Pease Greeters, its agents and/or volunteers shall be required to apply to PDA for all SIDA and/or Public Area Badges (including payment of associated application fees) and to attend all required training. All SIDA badge

○○○○ TAKING YOU THERE

Phone: 603.433.6088 Fax: 603.427.0433 www.peasedev.org

Frank Lasorsa  
Pease Greeters  
June 29, 2021  
Page 2

applications will be processed by the Pease Greeters Authorized Signatory. Such badges shall be issued in PDA's sole discretion. If a SIDA Badge is lost or stolen, Pease Greeters shall be responsible for a lost badge fee of \$60.00 and a replacement fee of \$60.00. While in the SIDA, escort procedures per the requirements of the Portsmouth International Airport Security Program must be met. PDA may revoke any such badges at any time in its sole discretion. All badges shall be returned to the PDA upon the termination of this Right of Entry.

All Pease Greeters activity within the Airport terminal shall be coordinated with PSM operations staff. Specifically, Pease Greeters activity within the airport terminal will be managed by weekly coordination, in person meetings, with Community Liaison Airport Operations Specialist, Sandra McDonough, or her designee. Pease Greeters activity will be managed in coordination with the daily flight activity at the Airport. Pease Greeters will be provided designated areas to perform greets on a daily basis, based on the communications in a weekly coordination meeting. Pease Greeters are responsible to provide a point of contact for each flight to the on duty Airport Operations Agent, as well as a signed roster of who is in attendance for each greet.

Pease Greeters activity is limited to volunteer customer service and provides no business or operational support to aviation activities. Badged Pease Greeter Volunteers will not have direct access to SIDA portals or SIDA escorting privileges. Any large scale Pease Greeters event expected to go beyond its badged population, will require a special event permit; the application for which must be made at least 14 days prior to any planed event.

PDA shall not be responsible for damages to property or injuries to persons that 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 Pease Greeters officers, agents, servants, or employees, or others who may be on the Premises at their invitation, or the invitation of any one of them, if such damage is caused by the negligent, intentional, or willful acts of Pease Greeters.

Pease Greeters agrees 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, if such loss, damage or injury is caused by the negligent, intentional, or willful acts of Pease Greeters. Pease Greeters expressly waives all claims against the PDA for any such loss, damage, personal injury or death caused by or occurring as a consequence of Pease Greeter's use of the Premises or the conduct of activities or the performance of responsibilities under this authorization unless such loss, damage, injury or death is caused by the negligence of the Pease Development Authority. Pease Greeters further agrees to indemnify, save, hold harmless, and defend the PDA, its officers, board members, agents and employees, from and against all suits, claims, demands or actions, liabilities, judgments, costs and attorney's fees arising out of Pease

Frank Lasorsa  
Pease Greeters  
June 29, 2021  
Page 3

Greeter's use of the Premises or any activities conducted or undertaken in connection with or pursuant to this authorization, unless caused by the sole negligence of the PDA.

Pease Greeters shall provide to the Pease Development Authority satisfactory evidence of commercial general liability to a limit of not less than Two Million Dollars (\$2,000,000.00) per occurrence, naming the Pease Development Authority as an additional insured. See **Exhibit "B"**.

Each such policy or certificate therefor issued by the insurer shall contain: (i) 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 PDA (except in situations involving the non-payment of a premium, in which case a 10 day notice will be accepted); (ii) a provision that any liability insurance coverage required to be carried by Pease Greeters shall be primary and non-contributory with respect to any insurance carried by PDA; and (iii) a waiver of subrogation provision in regards to the PDA.

Pease Greeters agrees to leave the Premises in the same or better condition as existed at the time of the commencement of any Greeter activity.

Please indicate by your signature or the signature of a duly authorized representative, the consent of Pease Greeters to the terms of this Right of Entry, and return the same to me along with proof of required insurance coverages.

Very truly yours,



Paul E. Brean  
Executive Director

Agreed and accepted this 9 day of July, 2021

**Pease Greeters**

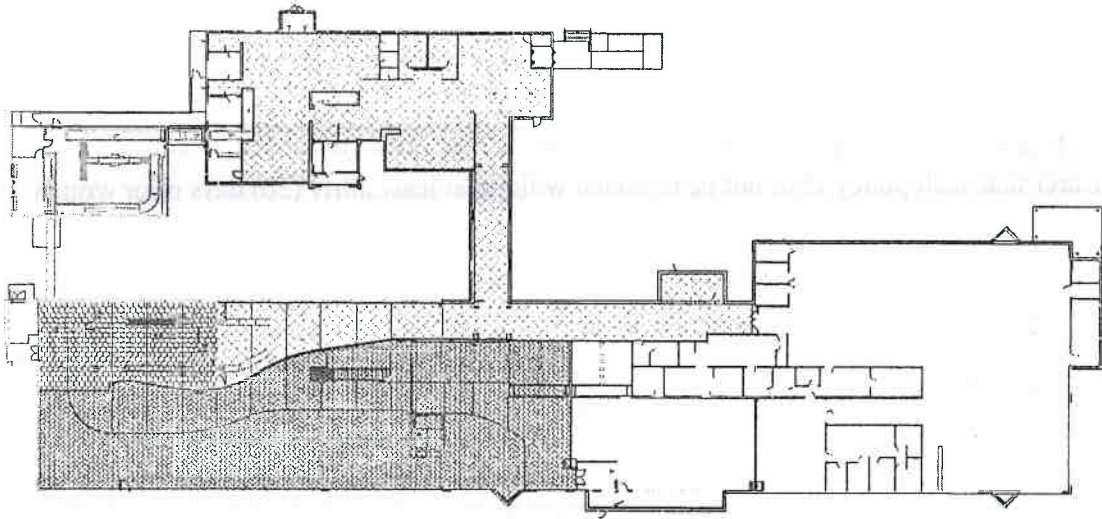
By: FRANK LASORSA   
Duly Authorized (Print and Sign)

Its: CHAIRMAN, PEASE GREETERS  
Title

cc: Chasen Congreves, Airport Administrator  
Anthony Blenkinsop, Deputy Director / General Counsel  
Sandy McDonough, Operations Specialist / Community Liason  
Peter Tiews (via e-mail: [tiewsclan@aol.com](mailto:tiewsclan@aol.com))



EXHIBIT A  
PREMISES






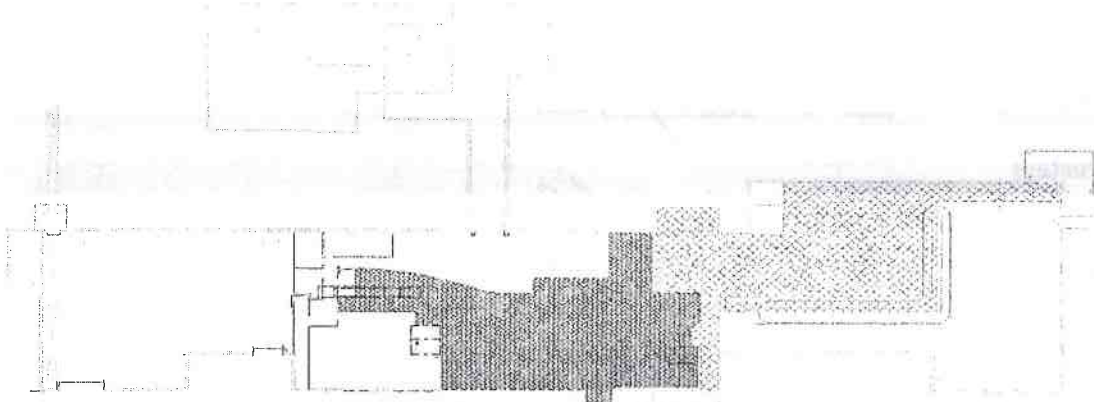
- LEGEND
-  RESTRICTED BADGED GREETER AREA
  -  PUBLIC BADGED GREETER AREA
  -  RESTRICTED AREA

Exhibit Depicting Designated Pease Greeter Areas - PSM Terminal Main Level

DESIGNED BY: MPW DATE: 6/23/21 SCALE: NTS

 PEASE DEVELOPMENT AUTHORITY

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801



- LEGEND
-  RESTRICTED BADGED GREETER AREA
  -  PUBLIC BADGED GREETER AREA

Exhibit Depicting Designated Pease Greeter Areas - PSM Terminal Lower Level


DESIGNED BY: MPW DATE: 6/23/21 SCALE: NTS

 PEASE DEVELOPMENT AUTHORITY

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801



EXHIBIT B  
 CERTIFICATE OF INSURANCE

ACORD		CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY)		
<p>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.</p> <p>IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).</p>						
PRODUCER Cross Insurance 75 Portsmouth Blvd. Suite 100 Portsmouth NH 03801		CONTRACT NAME: Chris Whaley PHONE (A/C No, Ext): (503) 812-2600 FAX (A/C No): (503) 570-1073 E-MAIL ADDRESS: chris.whaley@crossagency.com				
INSURED Pease Greeters P.O. Box 22444 Portsmouth NH 03802		INSURER(S) AFFORDING COVERAGE INSURER A: Nautilus Insurance 17370 INSURER B: Great American Ins. Co. 16631 INSURER C: INSURER D: INSURER E: INSURER F:				
COVERAGES		CERTIFICATE NUMBER: CL216819631		REVISION NUMBER:		
<p>THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.</p>						
LINE	TYPE OF INSURANCE	ACORD (ISSUER) (REV)	POLICY NUMBER	POLICY EFF. (MM/DD/YYYY)	POLICY EXP. (MM/DD/YYYY)	LIMIT \$
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:	Y Y	NH965374-02	08/23/2020	08/23/2021	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Per occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					COMBINED SINGLE LIMIT (All accidents) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED \$ RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROGRAMS COVERED ARE EXCLUSIVE OFFERINGS UNDER A EXCLUSION (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A				<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
B	Directors and Officers		EPP3445250	06/23/2021	06/23/2022	Employment Practices \$1,000,000 D&O Liability \$1,000,000
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 181, Additional Remarks Schedule, may be attached if more space is required) when required by written contract certificate holder is Additional Insured on a primary and non contributory basis and waiver of subrogation is added on a primary and non contributory basis.						
CERTIFICATE HOLDER				CANCELLATION		
Pease Development Authority 55 International Drive Portsmouth NH 03801				SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 		

July 29, 2021

Paul Roy  
Director of Business Development  
PROCON LLC  
1359 Hooksett Road  
Hooksett, NH 03106

**Re: Right of Entry — North Apron, Portsmouth International Airport,  
Portsmouth, NH**

Dear Mr. Roy:

This letter, when fully executed, will authorize PROCON LLC (“PROCON”) and/or its agents and contractors to enter the premises at the North Apron of the Portsmouth International Airport at Pease, as shown on the attached **Exhibit A** (the “Premises”) for the period beginning August 1, 2021 through December 31, 2021, for survey / site inspection purposes. Such inspection may include a review of environmental matters, including soils testing, availability/adequacy of utility services, general site conditions, and any other similar inspection or evaluation of the Premises you deem reasonably necessary. This Right of Entry will expire at the close of business on December 31, 2021, unless otherwise extended by written agreement of PROCON and the Pease Development Authority (“PDA”).

This Right of Entry is conditioned upon the following:

1. PROCON providing PDA, upon execution of this letter of authorization or promptly upon completion of its inspection, with a copy of any report, letter, plan, or summary with respect to conditions found at the Premises;
2. PROCON’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. PROCON expressly waives all claims against the PDA for any such loss, damage, personal injury or death caused by or occurring as a consequence of PROCON’s use of the Premises or the conduct of activities or the performance of responsibilities under this authorization. PROCON further agrees to indemnify, save, hold harmless, and defend the PDA, its officers, board members, agents and employees, from and against all suits, claims, demands or actions, liabilities,

Page Two  
July 29, 2021

**Re: Right of Entry — North Apron, Portsmouth International Airport,  
Portsmouth, NH**

judgments, costs and attorney's fees arising out of PROCON's use of the Premises or any activities conducted or undertaken in connection with or pursuant to this authorization.

3. PROCON and any agent or contractor of PROCON providing PDA with satisfactory evidence of Commercial General Liability insurance to a limit of not less than Two Million Dollars (\$2,000,000), and Environmental Pollution Liability insurance to a limit of not less than Two Million Dollars (\$2,000,000), both naming the PDA as an additional insured as its interests may appear. PROCON and any agent or contractor of PROCON shall provide PDA with satisfactory evidence of automobile liability insurance coverage in the amount of One Million Dollars (\$1,000,000) and workers' compensation coverage to statutory limits.

Each such policy or certificate therefor issued by the insurer shall contain: (i) a provision that the insurer shall have no right of subrogation against PDA; (ii) a provision that any liability insurance coverage required to be carried shall be primary and non-contributory with respect to any insurance carried by PDA; and, to the extent obtainable, (iii) 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 PDA.

4. PROCON obtaining the prior written consent of the Engineering Department of the PDA before conducting any drilling, testpitting, borings, or other soil/ground disturbing activities on the Premises, and thereafter complying with all terms and conditions of said consent. No geo-technical exploration shall be done on the Site without proper clearance from PDA Engineering Department. No trees or vegetation may be cut without written permission from the PDA. PDA shall make available information it has related to any existing conditions at the site including the location and type of utilities, underground tanks or structures, and any hazardous substances. The information is approximate and not guaranteed. PROCON shall have no liability or responsibility to the PDA for environmental impacts and damage caused by the prior use of hazardous substances on the Premises by the United States of America - Department of the Air Force ("Air Force" or "Government"), and/or the PDA. PROCON and PDA acknowledge the potential obligation of the Air Force to indemnify PDA and PROCON to the extent required by the provisions of Public Law No. 101-511 Section 8056 and/or Public Law 102-484, as amended. PROCON understands that the Premises is in an Area of Special Notice ("ASN"), as identified by the U.S. Air Force, EPA and NHDES, and that any future construction plans which may be authorized under a potential Lease agreement requiring excavation are subject to Air Force approval prior to the excavation(s) being initiated, and construction work may also involve Air Force conducted environmental remediation.

The North Apron is part of the Airport Security Identification Display Area ("SIDA"). Designated representatives of PROCON will be required to obtain security badges and qualify as escorts in order for representatives, employees and agents of the PROCON to gain access to and remain on the Premises. While in the SIDA, escort procedures per the requirements of the Pease International Airport Security Program must be met. Prior to accessing the North Apron, all persons



Page Three  
July 29, 2021

**Re: Right of Entry — North Apron, Portsmouth International Airport,  
Portsmouth, NH**

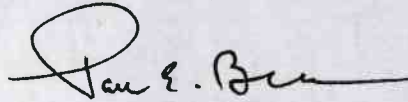
providing SIDA escort must undergo verification of their criminal history for the past ten (10) years, attend a training class that is offered no more than once every two weeks and pay any applicable fees. Information regarding escort requirements can be obtained by calling the Airport Management Department at (603) 433-6536, Monday through Friday, 8:00 a.m. to 5:00 p.m. No representative, employee or agent of PROCON will be allowed in the SIDA without escorts meeting the requirements of the Pease International Airport Security Program.

5. PROCON's agreement to restore said Premises to its condition as the same existed prior to the commencement of any work undertaken pursuant to this Right of Entry.

6. PROCON's agreement herein that this Right of Entry does not constitute a grant of an exclusive interest in the Premises, an option to lease the Premises, or an offer to lease the Premises. PROCON acknowledges and agrees that, except as otherwise set forth herein, no legal obligations shall arise with respect to the Premises or lease thereof until a Lease Agreement is executed by the parties, subject to the approval of the PDA Board of Directors.

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

Very truly yours,



Paul E. Brean  
Executive Director

Agreed and accepted this 30 day of July, 2021.

PROCON LLC

By: 

Print Name: JOHN STEBBINS

Its Duly Authorized: MEMBER



Page Four  
July 29, 2021

Re: Right of Entry — North Apron, Portsmouth International Airport,  
Portsmouth, NH

**EXHIBIT "A"**

**PREMISES**

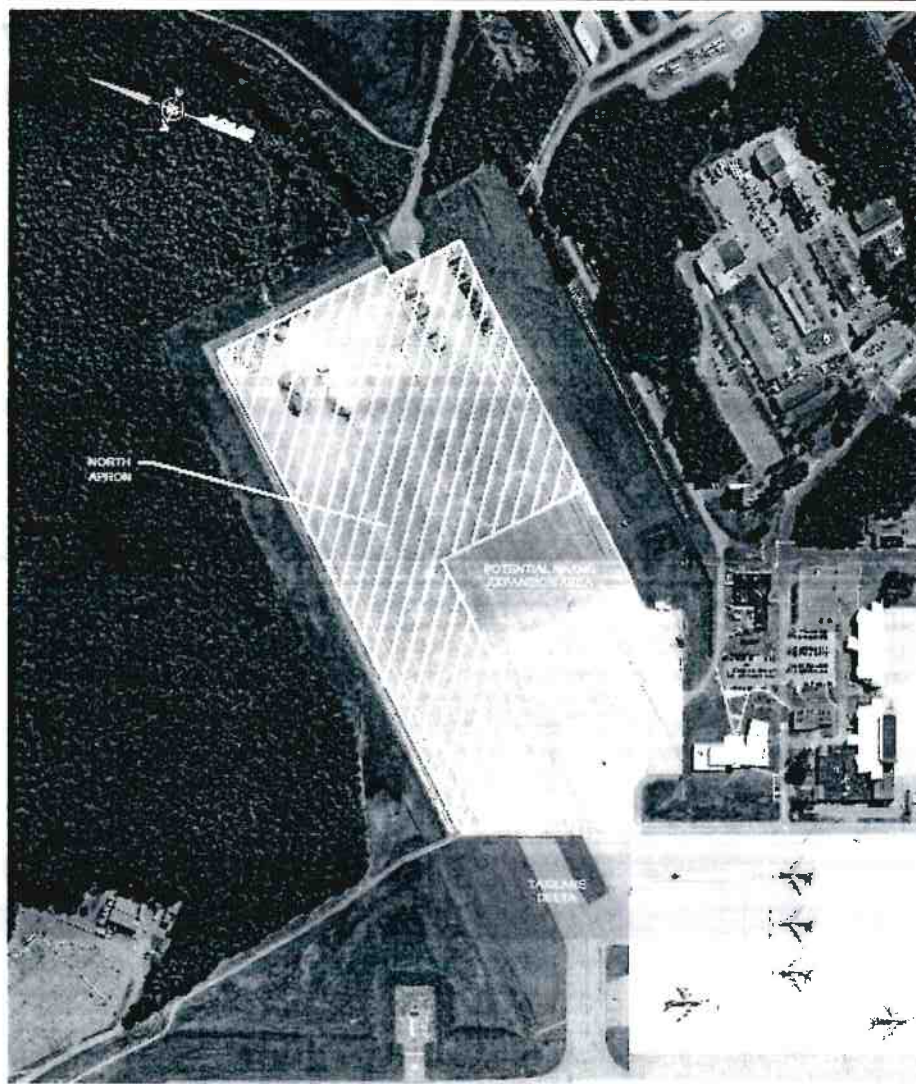


Exhibit Depicting Right of Entry at PSM North Apron

DESIGNED BY: MRM

DATE: 7/7/21

SCALE: NTS



**PEASE DEVELOPMENT AUTHORITY**

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801

July 29, 2021

Paul Roy  
Director of Business Development  
PROCON LLC  
1359 Hooksett Road  
Hooksett, NH 03106

**Re: Right of Entry — 14 Aviation Avenue (a/k/a Hangar 227), Pease International Tradeport, Portsmouth, NH**

Dear Mr. Roy:

This letter, when fully executed, will authorize PROCON LLC (“PROCON”) and/or its agents and contractors to enter the premises at 14 Aviation Avenue (a/k/a Hangar 227) as shown on the attached **Exhibit A** (the "Premises") for the period beginning August 1, 2021 through December 31, 2021, for survey / site inspection purposes. Such inspection may include a review of environmental matters, including soils testing, adequacy of utility services, general site conditions, and any other similar inspection or evaluation of the Premises you deem reasonably necessary. This Right of Entry will expire at the close of business on December 31, 2021, unless otherwise extended an additional thirty (30) days by written agreement of PROCON and the Pease Development Authority (“PDA”).

This Right of Entry is conditioned upon the following:

1. PROCON providing PDA, upon execution of this letter of authorization or promptly upon completion of its inspection, with a copy of any report, letter, plan, or summary with respect to conditions found at the Premises;
2. PROCON’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. PROCON expressly waives all claims against the PDA for any such loss, damage, personal injury or death caused by or occurring as a consequence of PROCON’s use of the Premises or the conduct of activities or the performance of responsibilities under this authorization. PROCON further agrees to indemnify, save, hold harmless, and defend the PDA, its officers, board members, agents and employees, from and against all suits, claims, demands or actions, liabilities,

Page Two  
July 29, 2021

**Re: Right of Entry — 14 Aviation Avenue (a/k/a Hangar 227), Pease International Tradeport, Portsmouth, NH**

judgments, costs and attorney's fees arising out of PROCON's use of the Premises or any activities conducted or undertaken in connection with or pursuant to this authorization.

3. PROCON and any agent or contractor of PROCON providing PDA with satisfactory evidence of Commercial General Liability insurance to a limit of not less than Two Million Dollars (\$2,000,000), and Environmental Pollution Liability insurance to a limit of not less than Two Million Dollars (\$2,000,000), both naming the PDA as an additional insured as its interests may appear. PROCON and any agent or contractor of PROCON shall provide PDA with satisfactory evidence of automobile liability insurance coverage in the amount of One Million Dollars (\$1,000,000) and workers' compensation coverage to statutory limits.

Each such policy or certificate therefor issued by the insurer shall contain: **(i)** a provision that the insurer shall have no right of subrogation against PDA; **(ii)** a provision that any liability insurance coverage required to be carried shall be primary and non-contributory with respect to any insurance carried by PDA; and, to the extent obtainable, **(iii)** 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 PDA.

4. PROCON obtaining the prior written consent of the Engineering Department of the PDA before conducting any drilling, testpitting, borings, or other soil/ground disturbing activities on the Premises, and thereafter complying with all terms and conditions of said consent. No geo-technical exploration shall be done on the Site without proper clearance from PDA Engineering Department. No trees or vegetation may be cut without written permission from the PDA. PDA shall make available information it has related to any existing conditions at the site including the location and type of utilities, underground tanks or structures, and any hazardous substances. The information is approximate and not guaranteed. PROCON shall have no liability or responsibility to the PDA for environmental impacts and damage caused by the prior use of hazardous substances on the Premises by the United States of America - Department of the Air Force ("Air Force" or "Government"), and/or the PDA. PROCON and PDA acknowledge the potential obligation of the Air Force to indemnify PDA and PROCON to the extent required by the provisions of Public Law No. 101-511 Section 8056 and/or Public Law 102-484, as amended. PROCON understands that the Premises is in an Area of Special Notice ("ASN"), as identified by the U.S. Air Force, EPA and NHDES, and that any future construction plans which may be authorized under a potential Lease agreement requiring excavation are subject to Air Force approval prior to the excavation(s) being initiated, and construction work may also involve Air Force conducted environmental remediation.

14 Aviation Avenue is part of the Airport Security Identification Display Area ("SIDA"). Designated representatives of PROCON will be required to obtain security badges and qualify as escorts in order for representatives, employees and agents of the PROCON to gain access to and remain on 14 Aviation Avenue. While in the SIDA, escort procedures per the requirements of the Pease International Airport Security Program must be met. Prior to accessing 14 Aviation Avenue,



Page Three  
July 29, 2021

**Re: Right of Entry — 14 Aviation Avenue (a/k/a Hangar 227), Pease International Tradeport, Portsmouth, NH**

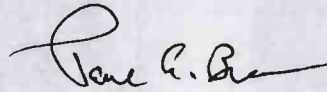
all persons providing SIDA escort must undergo verification of their criminal history for the past ten (10) years, attend a training class that is offered no more than once every two weeks and pay any applicable fees. Information regarding escort requirements can be obtained by calling the Airport Management Department at (603) 433-6536, Monday through Friday, 8:00 a.m. to 5:00 p.m. No representative, employee or agent of PROCON will be allowed in the SIDA without escorts meeting the requirements of the Pease International Airport Security Program.

5. PROCON's agreement to restore said Premises to its condition as the same existed prior to the commencement of any work undertaken pursuant to this Right of Entry.

6. PROCON's agreement herein that this Right of Entry does not constitute a grant of an exclusive interest in the Premises, an option to lease the Premises, or an offer to lease the Premises. PROCON acknowledges and agrees that, except as otherwise set forth herein, no legal obligations shall arise with respect to the Premises or lease thereof until a Lease Agreement is executed by the parties, subject to the approval of the PDA Board of Directors.

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

Very truly yours,



Paul E. Brean  
Executive Director

Agreed and accepted this 30 day of July, 2021.

**PROCON LLC**

By: 

Print Name: JOHN STEBBINS

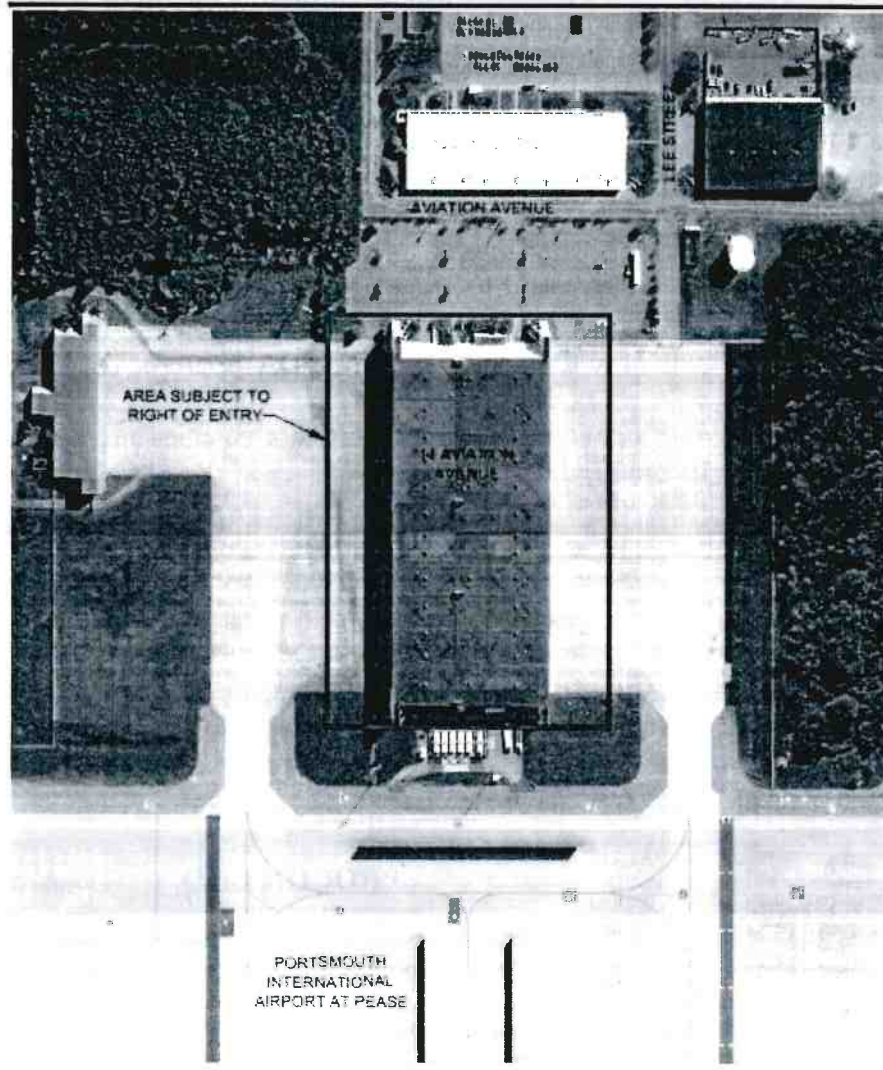
Its Duly Authorized: MEMBER



Page Four  
July 29, 2021

Re: Right of Entry — 14 Aviation Avenue (a/k/a Hangar 227), Pease International  
Tradeport, Portsmouth, NH

EXHIBIT "A"  
PREMISES



PROJECT: 14 Aviation Ave Right of Entry

DESIGNED BY: MRM

DATE: 6/23/21

SCALE: 1"=200'



PEASE DEVELOPMENT AUTHORITY

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801

August 9, 2021

**Via Email:**

Herb Gillen, President  
Herb Gillen Airshows, LLC  
1953 South Mallway Dr.  
Columbus, OH 43221

**Re: Right of Entry for Air Show Parking on South Terminal Overflow Apron at  
Portsmouth International Airport at Pease, Portsmouth, NH**

Dear Mr. Gillen:

This Right of Entry (“ROE”) will authorize Herb Gillen Airshows, LLC a limited liability company registered to conduct business in the State of New Hampshire, (“HGA”) to enter upon and utilize the designated areas situated on Portsmouth International Airport, Portsmouth, NH, as shown on the attached Exhibits (the “Premises”) for the period of time from 0800, 10 September through 1200, 13 September 2021 for the purposes of motor vehicle parking for attendees of the “Thunder Over New Hampshire Air Show” held on 11-12 September 2021 and for no other use. The use and occupation of the Premises shall be: (a) without cost or expense to the PDA; (b) subject to the general supervision and approval of the PDA; (c) subject to such rules and regulations as the PDA may prescribe from time to time, and (d) and subject to any required approval of the Federal Aviation Administration (“FAA”) for non-aeronautical use purposes.

1. HGA understands and acknowledges that this Right of Entry; (a) allows only temporary use of the Premises; (b) is granted on a non-exclusive basis; and (c) may be revoked at will by the 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 cause minimal disruption to other Tradeport and Airport activities.

2. HGA agrees 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 risk 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 agencies, patrons, contractors, or invitees upon the Premises, and/or the exercise of any of the authorities granted herein. HGA expressly waives all claims against the PDA for any such loss, damage, personal injury or death caused by or occurs in as a consequence of HGA’s and its employees, agents, patrons, contractors, or invitees use of the Premises, or the conduct of activities

**Re: Right of Entry for Air Show Parking on South Terminal Overflow Apron at  
Portsmouth International Airport at Pease, Portsmouth, NH**

or the performance of responsibilities under this authorization. HGA further agrees to indemnify, save, hold harmless, and defend (with counsel reasonably acceptable to the PDA) the PDA, its officers, board members, agents and employees, from and against all suits, claims, demands or actions, liabilities, judgements, costs and attorney's fees (collectively "Claims") arising out of or related to HGA's, and its employees, agents, patrons, contractors, or invitees use of the Premises or any activities conducted or undertaken in connection with or pursuant to this authorization. HGA's indemnification obligation hereunder shall not extend to Claims caused by the gross negligence or willful misconduct of the PDA or its agent, employees, or contractors.

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 of repair of the Premises, or the use and occupation thereof, or for damages to the property or injuries to the person of HGA's 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. HGA, and any agent or contractor of HGA, shall provide PDA with satisfactory evidence of comprehensive general liability insurance to a limit of not less than Two Million Dollars (\$2,000,000) per occurrence, naming the PDA as additional insured. HGA and any agent or contractor of HGA shall provide PDA with satisfactory evidence of automobile liability insurance coverage in the amount of \$1,000,000.00, and workers' compensation coverage to statutory limits.

Each such policy or certificate therefor issued by the insurer shall contain: (i) a provision that no act or omission of any employee, officer or agent of HGA 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 PDA; (iii) provide that the insurer shall have no right of subrogation against the PDA; and (iv) a provision that any liability insurance coverage required to be carried shall be primary and non-contributory with respect to any insurance carried by PDA.

5. HGA understands and acknowledges that it shall coordinate all activities on the Premises pursuant to this Right of Entry with the PDA Airport Management Department for its use of and access to the Premises to ensure not to impact airport terminal flight activity. Furthermore, HGA understands and acknowledges that it and/or its agents may need to undergo security checks in order to access some or all areas of the Premises required for activities undertaken pursuant to the Right of Entry, and that it shall abide by all requests of the PDA Airport Management Department concerning its use of the Premises.

6. HGA's agreement herein that this Right of Entry does not constitute a grant of an exclusive interest in the Premises, an option to lease the Premises, or an offer to lease the Premises.



**Re: Right of Entry for Air Show Parking on South Terminal Overflow Apron at  
Portsmouth International Airport at Pease, Portsmouth, NH**

7. HGA will at all times during the existence of this Right of Entry, promptly observe and comply, at its sole cost and expense, with the provisions of all applicable federal, state and local laws, rules, regulations and standards, and in particular those provisions concerning the use and installation of equipment necessary for its operations on the Premises. Any generators used on the Premises shall be double-walled and have spill protection.

8. HGA agrees to work with the Portsmouth Police Department, or other appropriate law enforcement, for traffic control measures. HGA further agrees to take such steps as may be required to ensure that vehicles and equipment are not left on the Premises in excess of the term limits of this ROE and to assume full responsibility for the immediate removal of vehicles and equipment left on the Premises.

9. HGA agrees that the PDA has the right, in its sole discretion, to terminate all of or any portion of the Premises used as a priority for Pease operations; provided, however, that PDA shall use reasonable efforts to relocate HGA's operations on the Premises before effectuating any such termination.

10. HGA agrees that the premises shall be maintained in a neat and orderly condition and shall be responsible for trash removal, and that maintenance and management of the Premises shall be done at HGA's own costs and expense. All trash receptacles shall be covered and maintained in accordance with Airport Wildlife Hazard Management Plan ("WHMP").

11. HGA agrees to restore the Premises to the same or better condition existing prior to the commencement of this ROE, at the termination of the ROE.

12. HGA understands and agrees that there will be no financial compensation paid to the PDA in exchange for the use of the Premises for the term of this ROE. In consideration for granting this ROE, HGA shall provide PDA access to and usage of a shared chalet on land licensed from the United States Air Force to the New Hampshire Military Assistance Foundation on the 157 Air Refueling Wing ramp, through the provision to the PDA of sixty (60) visitor passes per day on September 10, 11, and 12, 2021; visitor passes shall be provided to PDA at least twenty (20) days prior to September 10, 2021. HGA understands that charges may be implemented for any future Rights-of-Entry beyond the initial term.

13. HGA agrees that it will make reasonable efforts to protect the Airport's North Fuel Farm with temporary barriers allowing ingress and egress for fuel operations and emergency vehicles.

14. HGA shall ensure that it has an adequate vehicle parking plan in place prior to the Air Show. HGA shall provide a final parking plan to PDA for approval at least one (1) month prior to the Air Show. HGA's parking plan shall include the utilization of a sufficient number of personnel to ensure that only those areas of Pease International Tradeport and Airport which have been authorized for parking purposes pursuant to this ROE are used by Air Show patrons. As part of the parking plan, HGA shall block off designated PDA controlled property that is off limits to parking. Additionally, HGA shall provide adequate security to ensure members of the public do not park in designated no



**Re: Right of Entry for Air Show Parking on South Terminal Overflow Apron at  
Portsmouth International Airport at Pease, Portsmouth, NH**

parking areas. HGA shall prepare contingency plans to handle the various traffic scenarios that might arise, and work in conjunction with local authorities including but not limited to the City of Portsmouth, and Towns of Newington and Greenland, NH DOT and NH State Police.

15. HGA will abide by the approved Transportation Security Administration's ("TSA") Airshow Security Plan ("ASP") and the FAA's approved Ground Operations Plan.

16. HGA personnel will not be released until an inspection is conducted by members of PDA's Airport Management Department and they are satisfied with the condition of the apron, parking and other areas utilized in connection with the Air Show.

17. If vendors require vehicle access to any Secured Identification Display Area ("SIDA") Areas, they will either be required to be escorted by SIDA badged personnel or undergo requisite SIDA and Ground Vehicle Procedure ("GVP") training.

18. Municipal Services Fee. To the extent applicable, HGA shall also pay to PDA, a municipal services fee in accordance with the Municipal Services Agreement by and between the City of Portsmouth, the Town of Newington, and the PDA effective July 1, 1998. This fee is for fire, police, and roadway services provided by or on behalf of PDA at the Airport and will be subject to increases each year only to the extent the cost of providing such services increases. The municipal services fee shall be paid prorated quarterly in advance at the times and in the fashion provided for the payment of the ROE Fee. To the extent the ROE Premises are subject to municipal taxation and provided such municipal taxes include the cost for the provision of fire, police, and roadway services, HGA may offset any fee paid to PDA the portion of such municipal taxes.

Please indicate by your signature or the signature of a duly authorized representative, the consent of the HGA to the terms of this Right of Entry and return the same to me, along with the required insurance certificate, before any work under this Right of Entry may begin.

Sincerely,

Paul E. Brean  
Executive Director

**Re: Right of Entry for Air Show Parking on South Terminal Overflow Apron at  
Portsmouth International Airport at Pease, Portsmouth, NH**

Agreed and accepted this \_\_\_ day of \_\_\_\_\_, 2021

**HERB GILLEN AIRSHOWS, LLC**

By: \_\_\_\_\_  
Duly Authorized

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

cc: Anthony I. Blenkinsop, Deputy Director / General Counsel  
Chasen Congreves, Manager of Airport Administration  
Andrew Pomeroy, Manager, Aviation Planning & Regulatory Compliance

**Attachments:**

1. Exhibit 1 – Air Show Parking
2. Exhibit 2 – Overflow Parking

**Re: Right of Entry for Air Show Parking on South Terminal Overflow Apron at  
Portsmouth International Airport at Pease, Portsmouth, NH**

**Exhibit 1**



Exhibit A - Air Show Parking

DESIGNED BY: MRM    DATE: 7/23/21    SCALE: 1"=400'

**Re: Right of Entry for Air Show Parking on South Terminal Overflow Apron at  
Portsmouth International Airport at Pease, Portsmouth, NH**

**Exhibit 2**



**Exhibit B - Overflow Parking**

DESIGNED BY: MPM    DATE: 7/23/21    SCALE: 1"=800'



**PEASE DEVELOPMENT AUTHORITY**

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801



August 9, 2021

**VIA Email: [joe.malone@woodplc.com](mailto:joe.malone@woodplc.com)**

Kathy Gross  
Project Administrator  
Wood Environment & Infrastructure Solutions, Inc.  
511 Congress Street  
Portland, ME 04101

**Re: Right of Entry - 35 Airline Avenue  
Pease International Tradeport, Portsmouth, NH**

Dear Ms. Gross:

This letter will authorize Wood Environment & Infrastructure Solutions, Inc. ("WEIC") and/or its agents and contractors to continue to use and enter upon the premises located at 35 Airline Avenue in Portsmouth, NH, as shown on the attached **Exhibit A** (the "Premises") for the period on beginning August 4, 2021 through January 31, 2022, for the purpose of utilizing 3,200 square feet within the Premises at its sole risk, for storage of well testing equipment and associated materials; and for no other use without the prior express written consent of Pease Development Authority ("PDA"). This Right of Entry may be terminated by PDA at any time with or without cause upon providing one month's advance written notice to WEIC. In no event will Right of Entry extend beyond January 31, 2022, unless otherwise extended by agreement of WEIC and PDA.

1. WEIC'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. WEIC expressly waives all claims against the PDA for any such loss, damage, personal injury or death caused by or occurring as a consequence of WEIC's use of the Premises or the conduct of activities or the performance of responsibilities under this

Page Two

August 9, 2021

RE: **Right of Entry - 35 Airline Avenue  
Pease International Tradeport, Portsmouth, NH 03801**

authorization. WEIC further agrees to indemnify, save, hold harmless, and defend the PDA, 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 WEIC's use of the Premises or any activities conducted or undertaken in connection with or pursuant to this authorization.

2. WEIC agrees to pay PDA a total of \$350.00 per month, in advance, for the use of the Premises for the purpose of utilizing 3,200 square feet for storage of well testing equipment and associated materials; and for no other use without the prior express written consent of Pease Development Authority ("PDA").

3. WEIC and any agent or contractor of WEIC providing PDA with satisfactory evidence of comprehensive general liability insurance to a limit of not less than Two Million Dollars (\$2,000,000), naming the PDA as an additional insured as its interests may appear. WEIC and any agent or contractor of WEIC providing PDA with satisfactory evidence of automobile liability insurance coverage in the amount of \$1,000,000.00 and workers' compensation coverage to statutory limits. Each such policy or certificate therefor issued by the insurer shall contain: (i) an agreement by the insurer that such policy shall not be canceled without thirty (30) days prior written notice by mail to PDA; (ii) with the exception of workers compensation coverage, provide that the insurer shall have no right of subrogation against the PDA; and (iii) a provision that any liability insurance coverage required to be carried shall be primary and non-contributory with respect to any insurance carried by PDA.

4. WEIC 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.

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

6. 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 WEICs' officers, agents, servants or employees, or others who may be on the Premises at their invitation or the invitation of any one of them.

7. WEIC 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

Page Three

August 9, 2021

RE: **Right of Entry - 35 Airline Avenue**  
**Pease International Tradeport, Portsmouth, NH 03801**

use of the Premises or the conduct of activities or the performance of responsibilities under this Right of Entry.

8. WEIC's agreement herein that WEIC shall be responsible for the cleanup of all debris on the Premises resulting from work performed by WEIC and/or its agents and contractors.

9. WEIC's agreement to maintain the Premises in a neat and orderly manner for the duration of this Right of Entry and to leave the Premises in a neat and orderly condition which is equal to or better than the condition of the Premises upon the commencement of this Right of Entry.

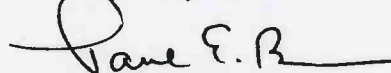
10. WEIC's agreement herein that that PDA can terminate this Right of Entry with or without cause at any time. WEIC further agrees that upon receipt of thirty (30) days written notice from PDA it shall vacate the Premises and, at PDA's election, restore said premises to its condition prior to the commencement of any work.

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

12. WEIC's agreement that it is responsible for snow removal/treatment on the shared driveway as shown on Exhibit A to access the Premises from Airline Avenue.

Any term of this Right of Entry beyond January 31, 2022 is subject to the approval of the PDA Board of Directors.

Very Truly Yours,



Paul E. Brean  
Executive Director

cc: Anthony I. Blenkinsop, Deputy Director / General Counsel  
Jared Sheehan, Environmental Compliance Coordinator

Page Four

August 9, 2021

RE: **Right of Entry - 35 Airline Avenue**  
**Pease International Tradeport, Portsmouth, NH 03801**

Agreed and accepted this 09 day of August, 2021.

**Wood Environmental & Infrastructure  
Solutions, Inc.**

By: Joe Malone



Duly Authorized  
(Sign and Print)

Its: Real Estate Manager



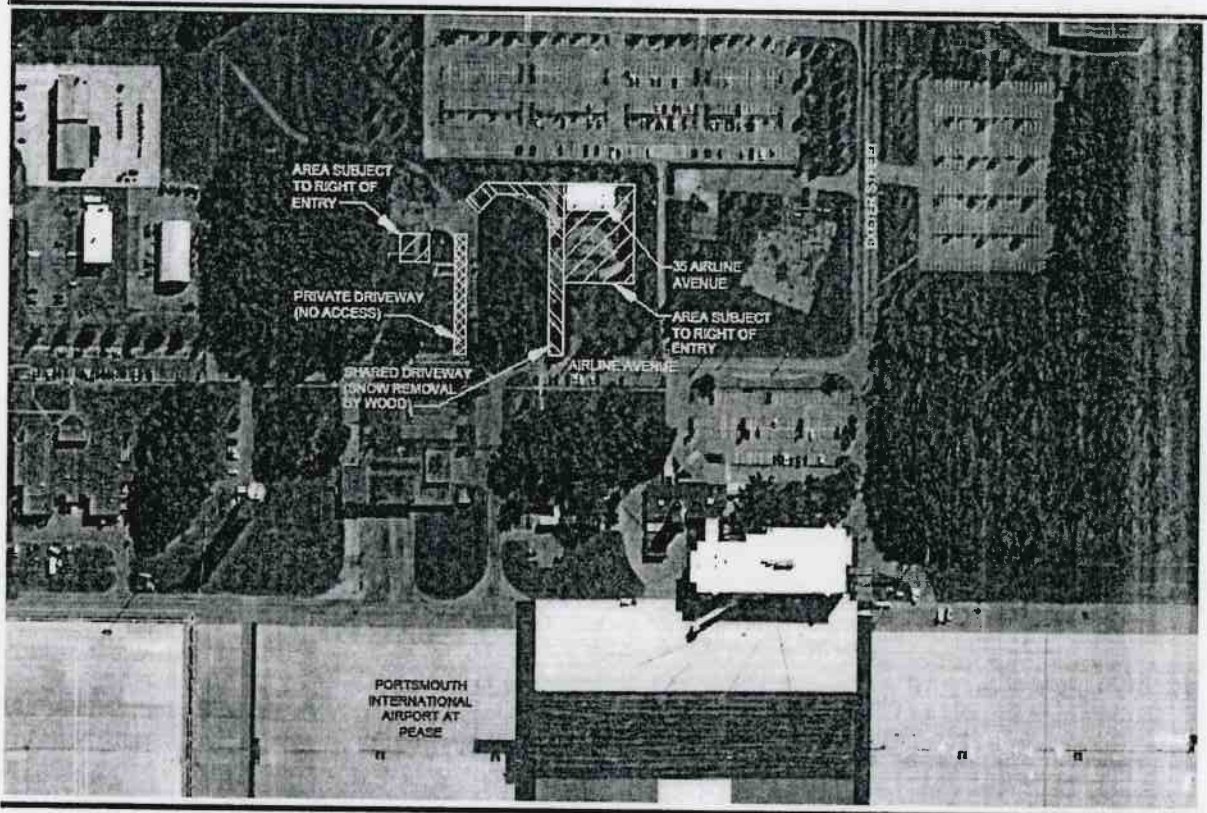
Page Five

August 9, 2021

RE: Right of Entry - 35 Airline Avenue

Pease International Tradeport, Portsmouth, NH 03801

**EXHIBIT "A"**  
**PREMISES**



35 Airline Avenue Right of Entry

DESIGNED BY: MRM    DATE: 8/2/21    SCALE: 1"=200'

 **PEASE DEVELOPMENT AUTHORITY**

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801

## MOTION

Director Fournier:

The Pease Development Authority Board of Directors hereby approves of and consents to issuing a Right of Entry (“ROE”) to the United States Coast Guard (“USCG”) for long term parking at 14 Aviation Avenue for the purpose of utilizing 75 ± designated motor vehicle parking spaces from August 1, 2021 through September 30, 2022; all substantially in accordance with the draft Right of Entry dated August 4, 2021, attached hereto.

August 4, 2021

VIA E-Mail: [Becky.M.delossantos@uscg.mil](mailto:Becky.M.delossantos@uscg.mil) (907-738-4774)

Becky M. Delossantos  
USCG  
SFLC Norfolk  
300 E Main Street - Suite 600  
NORFOLK, VA 23510

**Re: Right of Entry  
75 Parking Spaces — 14 Aviation Avenue, Portsmouth, NH**

Dear Ms. Delossantos:

This letter will authorize the United States Coast Guard, ("USCG"), with an address of 300 East Main Street – Suite 600, Norfolk, VA, to enter upon and utilize 75 +/- designated motor vehicle parking spaces at 14 Aviation Avenue, Portsmouth, New Hampshire, as shown on the attached Exhibit A (the "Premises") for the period commencing August 1, 2021 through September 30, 2022 (the "Term") for the purposes of the long-term parking of USCG member vehicles while stationed at the Portsmouth Naval Shipyard. USCG is also granted an option to extend the ROE through September 30, 2023 subject to the written approval of the Executive Director of Pease Development Authority ("PDA"). The privileges granted under this Right of Entry will expire on September 30, 2022, unless extended by the exercise and approval of the option.

This authorization is conditioned upon the following:

1. USCG'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 risk 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, patrons, or invitees upon the Premises and/or the exercise of any of the authorities granted herein. USCG 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 USCG's and its employees, agents, patrons, or invitees use of the Premises or the conduct of activities or the performance of responsibilities under this authorization. This assumption of liability by USCG is coextensive with and in accordance with the liability of the Federal Government under the Federal Tort Claims Act. Claims for tort damages shall be submitted and adjudicated in accordance with the procedures of the Federal Tort Claim Act and applicable state and federal law.

Page Two  
August 4, 2021

**Re: Right of Entry  
75 Parking Spaces – 14 Aviation Avenue, Portsmouth, NH**

2. USCG understands and acknowledges that this Right of Entry: (a) allows only temporary use of the Premises; (b) is granted on a non-exclusive basis; and (c) permits the PDA to relocate the parking spaces provided to another PDA property at the Pease International Tradeport at any time subject to a 7-day advanced notice requirement. The use of the Premises shall be orderly and efficient, shall not constitute a nuisance and shall not cause disruption to other Airport activities.
3. USCG is self-insured and is liable for tort claims under the provisions of the Federal Tort Claims Act, 28 U.S.C. 2671 et seq.
4. USCG's agreement to use its best efforts to ensure that vehicles are not left on the Premises in excess of the term limit of this Right of Entry and to assume full responsibility for the immediate removal of vehicle(s) left on the Premises, time being of the essence. Any vehicles left on the Premises following termination of this Right of Entry may be removed by the PDA at the owner's expense.
5. USCG agrees the vehicles may be parked in the areas depicted in Exhibit A. PDA has the right, in its sole discretion, to terminate all of or any portion of the Premises used for vehicle parking as a priority for PDA operations, and to relocate the USCG to an equivalent number of spaces on other PDA property. Any vehicles left on the Premises following such termination and relocation may be removed by the PDA at the owner's expense.
6. USCG may provide snow removal and salting, as necessary, for the Premises during the periods of use provided for under the terms of this Right of Entry. USCG or any contractor of USCG shall also obtain certification by the New Hampshire Department of Environmental Services as a Commercial Salt Applicator. Certification includes the successful completion of the Green SnoPro training program. All personnel employed in snow removal operations shall be familiar with salt reduction measures.
7. USCG shall coordinate the initial snow removal with the PDA Maintenance Department. All snow removal, sanding, and salting shall be at USCG's own cost and expense.
8. 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 USCG's patrons, officers, agents, servants or employees, or others who may be on the Premises at its invitation.
9. USCG's agreement that USCG's maintenance and management of the Premises shall be done at its own costs and expense.



Page Three  
August 4, 2021

Re: **Right of Entry**  
**75 Parking Spaces – 14 Aviation Avenue, Portsmouth, NH**

10. Prior to termination of the Right of Entry, USCG agrees to restore the Premises to the same or better conditions than the Premises were in before its use pursuant to this Right of Entry.

11. USCG's agreement herein that this letter of authorization does not constitute a grant of an exclusive interest in the Premises, an option to lease the Premises, or an offer to lease the Premises.

12. USCG's agreement to pay PDA a \$0.35/square foot fee for each space per year for the period of use under this Right of Entry:

Lot 1	14 Aviation Ave.	0.62 acres	\$9,452.52/yr.
-------	------------------	------------	----------------

This annual rent shall be payable in advance in monthly installments and pro-rated for any partial periods. Payment shall be delivered to the PDA, 55 International Drive, Portsmouth, NH, 03801.

13. Municipal Services Fee. In addition to the Fee required to be paid under the terms of this ROE, USCG shall also pay to PDA, as additional rent, a municipal services fee in accordance with the Municipal Services Agreement by and between the City of Portsmouth, the Town of Newington and the PDA effective July 1, 1998. This fee is for fire, police and roadway services provided by or on behalf of PDA at the Airport and will be subject to increases each year only to the extent the cost of providing such services increases. The municipal services fee shall be paid quarterly pursuant to an invoice issued by the PDA. To the extent the ROE Premises are subject to municipal taxation, and provided such municipal taxes include the costs of the provision of fire, police and roadway services, USCG may offset against any fee paid to PDA the portion of such municipal taxes as are attributable to fire, police and roadway services, and PDA shall have no further obligation to provide such services. For so long as municipal taxes are imposed against the ROE Premises, or on USCG for all three of fire, police and roadway services and PDA either has no obligation to provide such services (or ceases to provide such services), the municipal services fee required to be paid under this ROE shall terminate.

In the event the ROE Premises, or any portion thereof, are removed from the Airport District, USCG shall make payments in lieu of taxes to the appropriate municipality in accordance with the provisions of RSA 12-G:14, II (or any successor statute) regarding taxation by a municipality of property that is within the boundaries of Pease, but outside the Airport District.

14. USCG's agreement that it may not pave any portion of the parking lots which it has been granted the use of pursuant to this ROE.

Page Four

August 4, 2021

**Re: Right of Entry**

**75 Parking Spaces – 14 Aviation Avenue, Portsmouth, NH**

Please indicate by your signature below USCG's consent to the terms and conditions of this Right of Entry and return the same to me with evidence of insurance and payment of fee as required.

Very truly yours,

Paul E. Brean  
Executive Director

Agreed and accepted this \_\_\_ day of \_\_\_\_\_, 2021

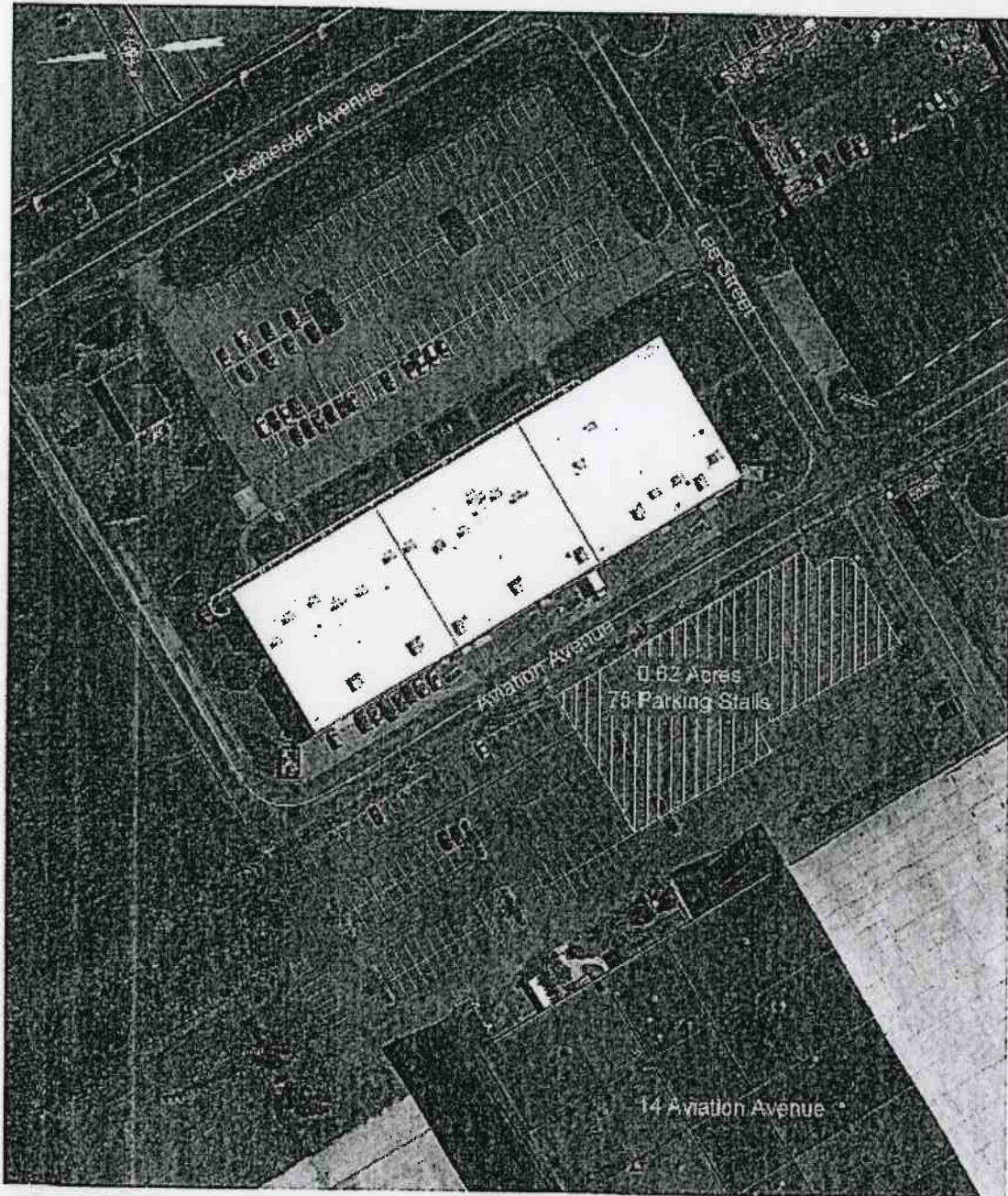
**The United States Coast Guard**

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

Print Name/Title \_\_\_\_\_

Duly Authorized

EXHIBIT A  
PREMISES



Potential Parking Area for USCG

DESIGNED BY: MRM

DATE: 6/10/19

SCALE: 1"=100'



PEASE DEVELOPMENT AUTHORITY

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801



**MEMORANDUM**

TO: Pease Development Authority Board of Directors  
FROM: Paul E. Brean, Executive Director *PEB*  
RE: Lease Reports  
DATE: August 10, 2021

\*\*\*\*\*

In accordance with the "Delegation to Executive Director: Consent, Approval of Sub-Sublease Agreements" PDA approved the following lease with:

- A. Tenant: Optris Infrared Sensing, LLC  
Space: 7,143 square feet at 200 International Drive (Suite #130)  
Use: General office use.  
Term: Five (5) Years Commencing June 15, 2021

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:\BOARDMTG\2021\Lease Report 8-19-21.docx



MEMORANDUM

To: Pease Development Authority Board of Directors  
From: Paul E. Brean, Executive Director *peb*  
Date: June 30, 2021  
Re: Sublease between 200 International Limited Partnership and Optris Infrared Sensing, LLC

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 a sublease at 200 International Drive between 200 International Limited Partnership ("TIG") for the following tenants:

- A. Tenant: Optris Infrared Sensing, LLC  
Space: 7,143 square feet (Suite 130)  
Use: General Office Use and Related Uses  
Term: Effective June 15, 2021 for a term of five (5) years

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 TIG's continued primary liability for payment of rent and other obligations pursuant to the PDA/TIG Lease.

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.

## NOTICE OF CONSENT

This NOTICE OF CONSENT ("Notice") is given by the PEASE DEVELOPMENT AUTHORITY ("Lessor") to 200 International Limited Partnership ("Lessee"). Lessor and Lessee may be referred to jointly as the "Parties."

### RECITALS

A. The Parties entered into a Lease for **200 International Drive** at Pease International Tradeport on April 5, 2001, as amended (the "Lease").

B. Section 19.3 of the Lease states that Lessor shall not unreasonably withhold its consent to sublease if:

1. the use of the Leased Premises associated with the sublease is permitted under the original Lease;
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.

C. Lessee has requested authorization to sublease approximately 7,143 square feet of the Leased Premises at **200 International Drive (Suite #130)** to **Optris Infrared Sensing, LLC** ("**Sublessee**"), a New Hampshire limited liability company authorized to do business in New Hampshire.

D. The proposed sublease to **Optris Infrared Sensing, LLC** is for general office use consistent with the applicable zoning, and for no other uses without Sublessor's and PDA's prior written consent.

### TERMS AND CONDITIONS

1. Lessor hereby authorizes Lessee to execute the sublease, attached hereto as Exhibit A, with **Optris Infrared Sensing, LLC** for approximately 7,143 square feet within the Leased Premises.

2. Upon execution of the sublease with **Optris Infrared Sensing, LLC**, Lessee shall provide Lessor with a copy of the executed sublease, copies of all required insurance certificates, and a certificate of good standing from the State of New Hampshire for **Optris Infrared Sensing, LLC**.

3. Lessee hereby agrees that occupancy shall be subject to the issuance of a Certificate of Occupancy as may be required in accordance with PDA Zoning Regulations, Section 315.03(a).

4. Lessee hereby agrees and affirms that it shall remain primarily liable to Lessor to pay rent and to perform all other obligations to be performed by Lessee under the original Lease.

This Notice of Consent is executed, effective this 22 day of June, 2021 by the Pease Development Authority, and conditioned upon the acceptance by the Lessee as noted by the signature below.

**PEASE DEVELOPMENT AUTHORITY**

By:   
Its: Executive Director

AGREED AND ACCEPTED BY:

**200 INTERNATIONAL LIMITED PARTNERSHIP**

6/14/21  
Date

By:   
Its: Co-Manager

EXHIBIT A  
SUBLEASED PREMISES

COMMERCIAL, LIMITED LIABILITY  
CORPORATION  
BY  
RESOLUTION  
OF THE BOARD OF DIRECTORS  
DATE: JANUARY 14, 2010

AS  
SUBLEASED  
TO INTERNATIONAL DRIVE  
OF THE  
PORTLAND, OREGON  
DATE OF ASSET: 10/1/09



4

SUBLEASE  
BETWEEN  
200 INTERNATIONAL, LIMITED PARTNERSHIP

AS  
"SUBLESSOR"

AND

OPTRIS INFRARED SENSING, LLC

AS  
"SUBLESSEE"

200 INTERNATIONAL DRIVE

SUITE #130

PORTSMOUTH, NEW HAMPSHIRE 03801

DATED AS OF APRIL 30, 2021

**MEMORANDUM**

TO: Pease Development Authority Board of Directors  
FROM: Paul E. Brean, Executive Director *fab*  
RE: Contract Reports  
DATE: August 9, 2021

\*\*\*\*\*

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

1. Project Name: Terminal Project - USI Insurance Services, LLC  
PDA Obligation: \$5,087.00  
Board Authority: Prior authorization to obtain Builders Risk coverage for terminal project  
Summary: Extension of Builders Risk Insurance Policy due to project not yet being complete
  
2. Project Name: Golf Course – Request to Purchase Double Deck Convection Oven  
PDA Obligation: \$6,191.48  
Board Authority: Director Ferrini  
Summary: Replacement of 2010 Convection Oven

USI Insurance Services LLC

PO Box 62937 \* Virginia Beach, VA 23466

----- INVOICE -----

Pease Development Authority  
55 International Drive  
Portsmouth, NH 03801

Invoice Date 06/17/21  
Invoice No. 3757828  
Bill-To Code PEASEDEV  
Client Code PEASEDEV  
Inv Order No. 800\*6271135  
Payment Due  
Amount Remitted: \$


Named Insured: Pease Development Authority

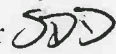
Please return this portion with your payment.

Make checks payable to: USI Insurance Services LLC

Effective Date	Policy Period	Coverage Description	Transaction Amount
06/17/21	06/17/21 to 12/17/21	Aspen American Insurance Company Policy No. IM00CWH19 *Renewal - Builders Risk	5,087.00
		Invoice Number: 3757828      Amount Due:	5,087.00
*Premiums Due and Payable on Effective Date			

## MEMORANDUM

To: Paul E. Brean, Executive Director 

From: Scott DeVito, PGA General Manager 

Date: August 3, 2021

Subject: Request to Purchase Double-Deck Convection Oven

This is a request to purchase a Southbend double-deck convection oven for the Grill 28 food and beverage operation from Independent Restaurant Supply, 927 US Route 1 Bypass, Portsmouth, N.H., 03801. The current convection oven was purchased in 2010. There have been a number of repairs made since that time in an effort to keep the existing oven in operation; and further repairs would not be considered cost effective given the age of the oven. The funds to purchase a new oven have been reserved in the FY2022 Golf Course capital plan. The purchase price of a new convection oven is under \$10,000, so three (3) separate quotes have been obtained to determine lowest pricing.

- Independent Restaurant Supply – Southbend Oven - \$6,128.48 delivered
- Restaurant Supply.Com – Krowne Oven - \$6,191.04 delivered
- Supplies On the Fly – Southbend Oven - \$7,492.67 delivered and set in place

Golf Course Maintenance and Pease Tradeport Maintenance employees will work collectively to assemble, install, and connect the new oven to the existing propane line.

Thank you for your consideration.



## MOTION

Director Lamson:

The Pease Development Authority Board of Directors approves of and authorizes the Executive Director to finalize and execute a service agreement with OAG Aviation Worldwide LLC ("OAG") in a total amount not to exceed \$5,659.50 for one year retroactive to August 1, 2021, through July 31, 2022, with two (2) one (1) year options to be exercised at the Executive Director's discretion, for the annual hosting of a Flight Information Display System (FIDS) at Portsmouth International Airport; all in accordance with the memorandum of Kurt Miller, dated August 11, 2021, 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. OAG has direct authorized access to Allegiant Airline's Flight Information Network;
2. Having direct access to Allegiant Flight Information Network and 900 other airlines will provide direct communications between OAG and the airlines resulting in enhanced and valuable real time information for airlines and airport passengers; and
3. OAG's direct access will provide real time flight information as well as local radar and flight information.

**NOTE: This motion requires 5 affirmative votes.**

**MEMORANDUM**

To: Paul Brean, C.M., Executive Director *PAB*  
 From: Kurt Miller, Landside Operations Specialist *KM*  
 CC: Chasen Congreves, Manager of Airport Administration  
 Re: OAG Aviation Worldwide, LLC - License Agreement  
 Date: August 11, 2021

Since 2017, Pease Development Authority (“PDA”) has maintained a subscription with the OAG Aviation Worldwide, LLC (“OAG”). OAG is an air travel intelligence company that provides accurate, timely and actionable digital information / applications to the world's airlines, airports, government agencies and travel-related service companies. Some of the information shared consists of schedules, flight status, connection times and industry referenced codes such as airline identifiers and airport codes. OAG provides invaluable real time information to our guests awaiting travel to and from Portsmouth International Airport (“PSM”).

The cost structure of implementing OAG is as follows:

Product	Period of Performance	Annual Price (USD)
Flightview- Arrival/Departure Web Components	8/1/2021-7/31/2022	\$2,887.50
Flightview-FIDS Display Content	8/1/2021-7/31/2022	\$2,772.00
<b>Total</b>		<b>\$5,659.50</b>

The above quote includes two 1-year options, increasing at 5% year-over-year:

Option Year 1: \$5,942.48 per year

Option Year 2: \$6,239.60 per year

With the continued growth of Allegiant Airlines and the prospect of additional service providers always on the agenda, PSM would benefit with the continued subscription of the OAG.

In an effort to keep PSM's momentum moving forward, please request approval from the PDA Board at its August Board meeting to finalize and execute a service agreement with OAG at the above quoted rates and terms to commence retroactively from August 1, 2021 through July 31, 2022, with the two (2) one (1) year options to be exercised at the Executive Director's discretion. In accordance with the provisions of RSA 12-G:8 VIII, this is to request that the Board waive the RFP requirement based on the following reasons:

1. OAG has direct authorized access to Allegiant Airline's Flight Information Network;
2. Having direct access to Allegiant Flight Information Network and 900 other airlines will provide direct **communications** between OAG and the airlines resulting in enhanced and valuable real time information for airlines and airport passengers; and
3. OAG's direct access will provide real time flight information as well as local radar and flight information.

## MOTION

Director Parker:

The Pease Development Authority Board of Directors approves of and authorizes the Executive Director to enter into an agreement with Bobcat of New Hampshire in a total amount not to exceed \$79,801.00 for the purchase of a Tracked Skid Steer Loader with attachments for use at Portsmouth International Airport at Pease (“PSM”); all in accordance with the memorandum of KC Conley, Fleet Manager, dated August 3, 2021, attached hereto.



## Memorandum

**To:** Paul E. Brean, Executive Director *peb*  
**From:** Ken Conley - Fleet Manager Ken Conley *kenneth conley*  
**Date:** 8/9/2021  
**Subj:** Tracked Skid Steer Loader with Attachments

This is a request to purchase a Tracked Skid Steer Loader with attachments, identified in our FY22 Capital Budget for replacement, from Bobcat of New Hampshire, 9 Dover Road Chichester, NH, for a price not to exceed \$79,801.00. The primary use of this vehicle will be snow removal in or around the airport terminal pay parking lots, line grinding of painted markings on the airport, concrete asphalt grinding on the airport, heavy grass cutting and bush whacking, brush handling and non-paved surface prep, with additional forklift and materials handling duties as well. This unit will serve as a primary replacement to a 2000 model with over 12,000 hours.

A request for bid was advertised in July with the bid openings taking place July 27, 2021. The Tracked Skid Steer Loader is funded in the FY2022 Portsmouth International Airport capital schedule.

A total of one (1) bid was received and it met the minimum specifications:

Bobcat of New Hampshire, Dover Road NH	\$79,801.00
--	-------------

Based on Bobcat of New Hampshire submitting the lowest qualified bid, please request authorization from the PDA Board of Directors to enter into an agreement to purchase a Tracked Skid Steer Loader with attachments from Bobcat of New Hampshire, for a price not to exceed \$79,801.00.

Preferred New Hampshire state approved vendors were made aware of the RFP, including E&E Equipment and Chadwick Baross. The vendors contacted stated they would not submit a bid in response to the request due to the inability to compete with Bobcat's municipal rebate programs (which were applied in the price quoted by Bobcat).

## MEMORANDUM

To: Paul Brean, Executive Director *Paul*

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

Date: August 02, 2021

Subject: Sign Revision Report: Global Seafood Alliance at 85 New Hampshire Ave.

In accordance with your authority under the "Delegation to Building Inspector: Consent and Approval of Minor Revisions to Existing Signs" adopted by the Board on June 20, 2005, I am reporting the following:

A tenant at 85 New Hampshire Avenue wishes to permanently modify the signage on their building. The new sign will reflect the company name change from "Global Aquaculture Alliance" to "Global Seafood Alliance" in the same area on the building façade. Global Seafood Alliance has contracted a sign vendor to fabricate and install the new sign. The total sign area falls within the 200 square foot maximum.

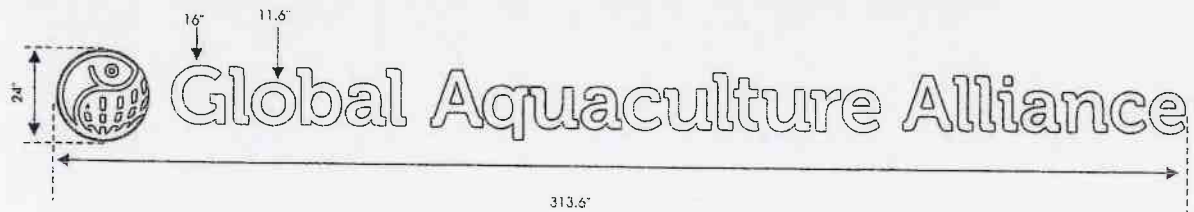
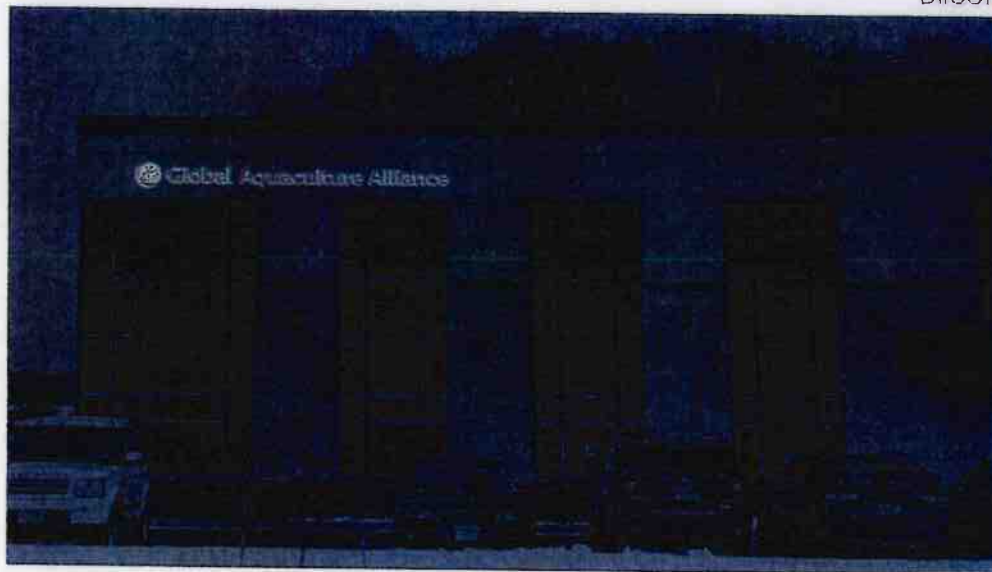
This sign revision meets the all of the following conditions:

1. Revision to sign graphics to reflect a new name or logo for an existing tenant.
2. No substantive change in size or style of the sign.
3. Consistent with the terms and conditions of the original sign approval.
4. All other conditions of the PDA Land Use Controls are satisfied.

Director Fournier has reviewed the sign revisions and has given his approval. At this month's Board meeting, please report the revisions to the Global Seafood Alliance signage.



Direct Mount



Measurements on this artistic rendering may vary slightly from the actual "AS BUILT" upon final engineering. Color and Resolution in proof are not representative of final project due to individual monitor settings.



REVISION: 6-21-2021

37090



Measurements on this graphic rendering may vary slightly from the actual "AS BUILT" upon final engineering.  
Color and resolution in photo are not representative of final properties due to individual monitor settings.



A UL Licensed Manufacturer

This drawing protected by U.S. copyright laws. Any use, reproduction, copying or exhibiting this drawing without the express written consent of Classic Signs is illegal. © 2021 Classic Signs



## MOTION

Director Levesque:

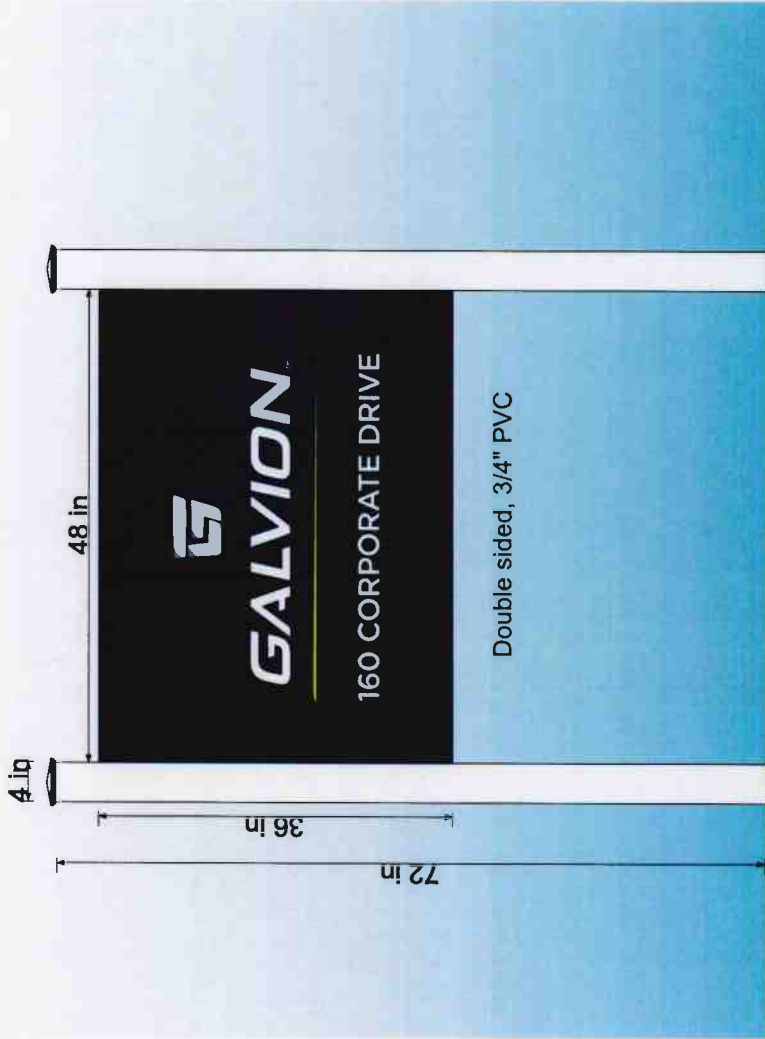
The Pease Development Authority (“PDA”) Board of Directors hereby approves of the proposed new sign for Galvion, tenant of 160 Corporate, LLC, located at 160 Corporate Drive; all in accordance with the memorandum of Maria J. Stowell, P.E., Engineering Manager, dated July 13, 2021, attached hereto.



## MEMORANDUM

To: Paul Brean, Executive Director *PAB*  
From: Maria J. Stowell, P.E., Engineering Manager *Maria*  
Date: July 13, 2021  
Subject: Signage at 160 Corporate Drive

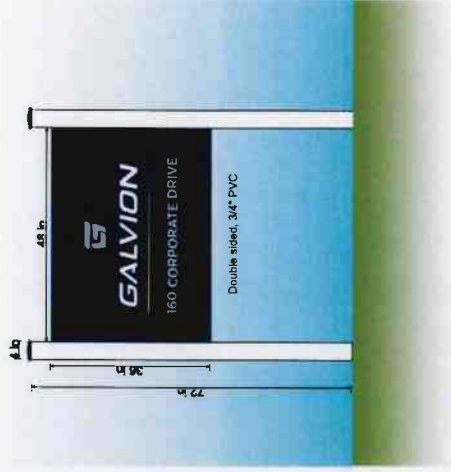
Galvion, the sub-tenant at 160 Corporate Drive has submitted a request to erect a ground sign at their location. The permanent ground sign shows the building address and identifies Galvion as the tenant. The building owner and leasee, 160 Corporate, LLC, approves the proposed sign.

PDA staff has reviewed the zoning ordinance as it relates to signage and we believe the proposal is in harmony with the general purpose and intent of the ordinance. At next month's board meeting, please ask the Board of Directors to approve the sign proposal for 160 Corporate, LLC.



 <p>PortsmouthSign.com 603-436-0047</p>	<p><b>REVISION:</b> All orders under \$250 include 1 revision only. All orders over \$250 include 2 revisions only. Additional revisions will be charged at \$25 per revision.</p> <p><b>PLEASE NOTE:</b> Designs are NOT actual size and color may vary depending on printer and/or monitor.</p>	<p><b>6/4/2021</b></p> <p>I understand this Order Form is the final production order and replaces all previous drawings, notes and verbal instructions to this job. Standard vinyl &amp; paint colors will be used. Custom colors and specific matches to PMS colors will be an additional fee. I have carefully reviewed this form and verify that it contains all necessary specifications and represents my order. I authorize fabrication according to this approval.</p> <p>SIGNATURE: _____ Date: _____</p>	<p>Member of:</p>  <p>GREATER PORTSMOUTH CHAMBER OF COMMERCE</p> <p>the Greater York Region Chamber of Commerce</p>
<p>© COPYRIGHT 2019, BY PORTSMOUTH SIGN COMPANY. All designs and custom artwork remain the property of Portsmouth Sign Company until the order is complete and paid in full.</p> <p>Shop Use Only <input type="checkbox"/> SS <input type="checkbox"/> DS <input type="checkbox"/></p>		<p>Background Color: Vinyl Color: HP <input type="checkbox"/> Int <input type="checkbox"/></p> <p>Other: _____</p>	

\\PSC-PSM-QNAP1\Documents\Clients\Galvion\Flexi



PortsmouthSign.com  
603-436-0047

**REVISION:**

All orders under \$250 include 1 revision only.  
All orders over \$250 include 2 revisions only.  
Additional revisions will be charged at \$25 per revision.

**PLEASE NOTE:**

Designs are NOT actual size and color may vary depending on printer and/or monitor.

6/16/2021

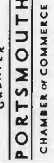
RETURN SIGNED TO: [service@portsmouthsign.com](mailto:service@portsmouthsign.com)

I understand this Order Form is the final production order and replaces all previous drawings, notes and verbal instructions to this job. Standard vinyl & paint colors will be used. Custom colors and specific matches to PMS colors will be an additional fee. I have carefully reviewed this form and verify that it contains all necessary specifications and represents my order. I authorize fabrication according to this approval.

SIGNATURE: \_\_\_\_\_

Date: \_\_\_\_\_

Member of:



Shop Use Only

Qty: SS  DS

Materials:

Background Color:

Vinyl Color: HP  Int

Other:

©COPYRIGHT 2019, BY PORTSMOUTH SIGN COMPANY. All designs and custom artwork remain the property of Portsmouth Sign Company until the order is complete and paid in full.



**INSURANCE**

**UPDATE**

Anthony,

We have continued to see a hardening insurance market in 2021. Below is a write-up that we have been using internally to explain what we are seeing in each line of business.

### Casualty

The casualty marketplace remains hard as a result of many factors including liberal class actions, a highly organized and heavily funded plaintiffs' bar that utilizes third party litigation funding, juries desensitized to monetary values and reduction in umbrella/excess capacity. In addition to reduced capacity due to claims, carrier consolidation has assisted in this. Loss severity continues to increase with some of worst verdicts hitting multi-million dollars. Capacity in the marketplace continues to be reduced with carriers reducing lead umbrella and excess layers. That being said, incumbent carriers are sensitive to the market and have been fairly fluid with renewal rates in order to secure their book. Insureds with large auto fleets continue seeing large increases as losses on this line continue to deteriorate. There doesn't seem to be any light at the end of the tunnel for auto either as frequency and severity continue to be an issue as a result of distracted driving, rising medical expenses, driver shortages, legal climate, and decaying public infrastructure.

General Liability	7.5% to 15%
Automobile Liability	8% to 15%
Worker's Compensation	Flat to 4%
Umbrella Liability (High Haz)	50% or more
Umbrella Liab (Low-Med Haz)	30% or more
Excess (High Haz)	100% or more
Excess (Low-Med Haz)	50% or more

### Property

Property pricing actually shows signs of easing but rate continues to rise for the time being – in particular on high hazard occupancies. Given the rate increase carriers were able to obtain through 2018 – 2020 there is perception that they've achieved rate adequacy, mainly on low hazard occupancies. It appears carrier goals are around reducing volatility but the line continues to be plagued by natural disaster and COVID litigation with social unrest, wildfires, winter storm, and increasing hurricanes as a result of climate change. In 2020, there were 22 separate billion-dollar property events.

Low to Medium Hazard Occupancy	5% to 15%
High Hazard Occupancy	20% or more

### Cyber Risk

Data breaches drive the cyber insurance market. Ransomware and phishing attacks are at an all-time high and cyber criminals are becoming more sophisticated on how to breach various controls. The glaring story around cyber is C.N.A. – they paid a \$40M ransom to get their systems back. If a carrier whom is supposed to be an expert in cyber security can get breached, anyone can. Cyber criminals are going after all industries. Human behavior continues to be the main cause of a cyber loss. The average cost of a cyber incident in 2020 was \$8.19 million. Carrier, Cyber Experts and Risk Managers agree that the average total cost of a data breach would be around 40%. Underwriting scrutiny has increased significantly overnight. Carrier are quickly discovering that this line was under priced and coverage was very broad. They are quickly adjusting terms and limits being offered.

Cyber Risk 50% or more

Executive Liability

These lines continue in their hard market due to financial uncertainty as a result of COVID. Although rate increases have decelerated a bit, carriers are still wary of COVID related claims. Now that the vaccine is here, an employer's position on whether employees get the vaccine is the concern. The main driver of rate beyond standard underwriting information (financials) is industry. We continue to see sizable increases in rates and retentions with reduction of limits. Social movements across the country continues to impact EPL litigation with over 2,000 EPL complaints filed so far this year. The main driver on crime rate is social engineering and cyber related criminal acts. Rate hikes tend to be on the lower side and mainly exposure driven but carriers aren't shy about getting increase on this line thinking it'll be ignored due to higher increases on paired lines.

Public/Large Private D&O	10% to 40%
Private/Non-Profit D&O	5% to 45%
Employment Practices	20% to 40%
Crime	5% to 15%
Fiduciary	
Plan Assets up to \$50M	5% to 15%
Plan Assets \$50M to \$500M	20% to 50%
Plan Assets above \$500M	25% to 70%

If you have any additional questions, please let me know.

Thanks,



Dave Branning, AAI, CRIS

| Vice President

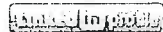
| Cross Insurance Portsmouth

| mobile: 973-534-6133

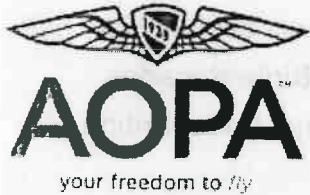
| phone: 603-812-2626

| email: [david.branning@crossagency.com](mailto:david.branning@crossagency.com)

| address: 75 Portsmouth Blvd, Suite 100, Portsmouth, NH 03801



Please note we are expanding our e-mail capabilities. As of April 2021, my e-mail address will be [david.branning@crossagency.com](mailto:david.branning@crossagency.com)



Bookmark ☆

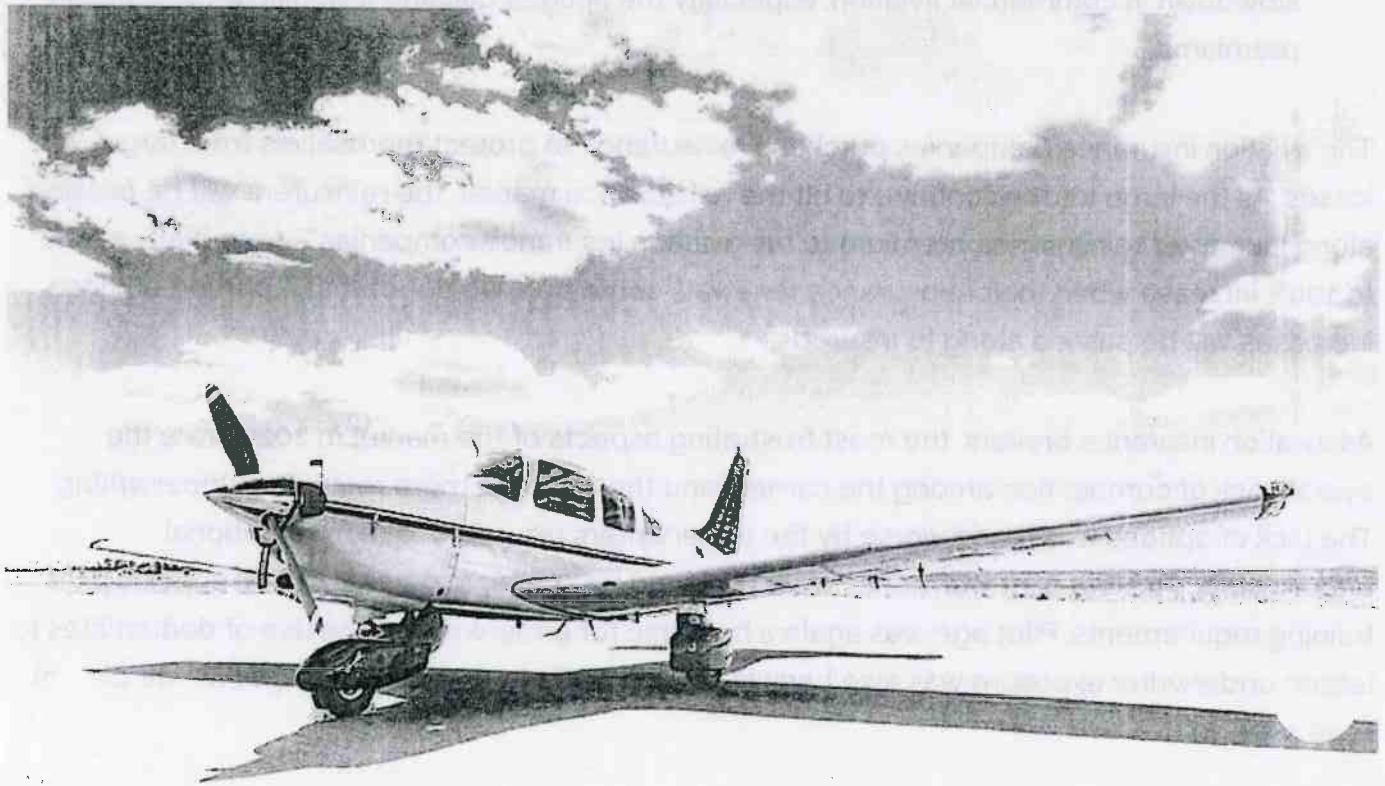
Created by AssuredPartners Aerospace

# HOW THE AVIATION INSURANCE MARKET MAY (OR MAY NOT) CHANGE IN 2021

February 12, 2021

By Jason Wissmiller

**While we are happy to see 2020 end...we have to wonder what's in store for 2021?**





The aviation insurance market in 2020 will be remembered for lack of underwriter flexibility and insurance company competition, the likes of which we have not seen in multiple decades. Premiums were up significantly, and underwriters returned to more traditional underwriting of pilots and overall risk.

The question now is – what will the aviation insurance market look like in 2021? Unfortunately, more of the same. While it is tempting to blame the market on greedy underwriting, 2020 was not a good year for the aviation underwriters. Even with the premium increases obtained, there were several market forces that left the underwriters with poor financial results:

1. January 2020 – S-76 crashes into a hillside in Southern California, killing nine people, including Kobe Bryant.
2. February and March 2020 – Tornadoes hit airports in Tennessee, Arkansas, and Louisiana.
3. Fallout from the Boeing 737MAX losses continue to have an impact on our market. The overall losses associated with the Boeing 737MAX is looking to be \$2 billion, which is significant considering the worldwide aviation insurance premium is estimated to be less than \$2 billion.
4. The Coronavirus Impact – March 2020 saw the onset of the pandemic and extreme slowdown in commercial aviation, especially the airlines, causing a significant shortfall in premiums.

The aviation insurance companies purchase reinsurance to protect themselves from large losses. As the large losses continue to hit the reinsurance market, the reinsurers will be passing along increased reinsurance premium to the aviation insurance companies – potentially a 50% to 100% increase when their reinsurance renewals come due. No doubt that a portion of these increases will be passed along to insureds.

As aviation insurance brokers, the most frustrating aspects of the market in 2020 were the overall lack of competition among the carriers and the return to more restrictive underwriting. The lack of options was made worse by the underwriters returning to more traditional underwriting. Flexible pilot warranties were replaced by annual make and model specific pilot training requirements. Pilot age was again a hot topic for underwriters. The use of deductibles to lessen underwriter exposure was also back in play so just when we needed options, we didn't have any.

This leaves many wondering what can be done to alleviate the issues associated with the current market. There has never been a better time to sell yourself and your operation:

- Talk about what you are doing to go above and beyond for recurrent training.
- If you have losses, explain the steps you have taken to mitigate the exposures.
- Provide any requested renewal information to your aviation insurance broker; that information helps your broker sell you to the underwriters.

# Insurance Marketplace Realities 2021 – Aerospace

November 18, 2020

Insurers continue to seek financial recovery and long-term profitability.

## Rate predictions

	Trend	Range
Airlines		+25% to +40%
Aircraft lessors/banks		+5% to +15%
Product manufacturers and service providers		+20% to +35%
Airports		+20% to +25%
General aviation		Minimum +25%
Space	Rates have stabilized at higher levels (percentage range not applicable)	

Rate predictions: Aerospace

## Key takeaway

After years of soft-market rates depleting premiums to an unsustainable level combined with an unprecedented decline in air travel, insurers continue to seek financial recovery and long-term profitability.

**The growing use of analytics represents a rare bright spot in this sector.**

- In a market with unpredictable catastrophic loss frequency, an analytical approach can create a more reliable foundation on which to build renewal expectations and construct an appropriate strategy.
- With more and more underwriters leaning on their actuaries to set minimum premiums, analytical models that present meaningful counter arguments help set the stage for more balanced and informed renewal discussions, and can provide underwriters with internal justifications for writing the business.

## Airlines

2020 was another loss-making year for insurers, due largely to premium reductions implemented as COVID-19 relief.

- Global airline premiums have been insufficient to cover losses over the last five years, and 2020 will be no exception.
- Insurers made strong gains in hitting their premium volume goals in 2019 only to return most of that profit in 2020.
- Insurers will seek to protect their premium base despite heavily reduced exposure, leading to potential rate inflation.
- Anticipate minimum premiums and deposit premiums being implemented going forward.
- Profitability remains a key metric for insurers; however, premium income levels are of the utmost importance.
- Each insured can expect to be underwritten based on claims and profitability ratios as insurers aim to better correlate rates to results, which we expect will ultimately lead to more insurer consolidation.

## Aircraft lessors/banks

Steady rate increases remain a trend as hard market conditions continue to impact this sector.

- While rates are increasing, capacity remains sufficient, especially for those profitable insureds with a growing fleet.
- Anticipate current market conditions to remain through 2021 and likely beyond, with rate increases in this segment continuing to be impacted by a trickle-down effect from the more unprofitable segments.
- Upper management oversight continues to push for the reduction or elimination of soft market enhancements, e.g., credit opportunities, non-aviation coverage endorsements and/or expense limits.

### Aircraft products manufacturers and service providers

Although this segment remains relatively stable for non-critical manufacturers and for those buyers with loss-free programs, rate increases are still expected.

- Large loss reserves and recent aircraft groundings continue to impact this sector's overall profitability, causing insurers to look for financial recovery through premium growth and possible coverage restrictions.
- While insurers maintain that accounts are being underwritten on a case-by-case basis, most buyers will still receive premium increases as the entire aviation market continues to harden — despite COVID-19 impacting insured revenues and operations.
- Following insurers are looking to close the rate differential from the lead insurer, with pricing above lead terms now common and expected.

### Airports and municipalities

While passenger movement remains significantly lower than in years past, this sector is still reeling from a handful of shock-losses, as well as overall market unprofitability.

- Multiyear terms are no longer available.
- Losses large and small continue to be scrutinized by line underwriters, with a large focus on certain coverages, limits and enhancements, e.g., excess auto liability, excess employer's liability and even incidental medical malpractice.
- Though renewals expiring on a 100% placement may continue as before, vertically structured placements are becoming more common, especially if limits exceed \$250M.
- Excess layers over working layers are becoming more popular as a way to build capacity.
- Marketing will be necessary if municipal boards want to benefit from competitive options — if any can be found.

### General aviation

This segment continues to experience higher rate increases due to consistent loss activity, higher aircraft costs and high-profile losses, especially in the rotor wing sector.

- Insurers' upper management continues to enforce strict underwriting guidelines, closely reviewing and restricting sublimits, extra expense coverages and premium credit opportunities, as these have cost insurers considerably over the years.
- Rotor wing operators can anticipate reductions in viable capacity, both domestically and overseas, with limits decreasing and the cost of higher limits exponentially increasing. They may also be declined altogether.
- Insurers are looking to implement minimum premium levels.
- Pilot specifications continue to be closely scrutinized, with broad policy provisions now a thing of the past as more insurers lessen their single-pilot book of business and require all pilots to undergo simulator-based training.

### Space

After a period of sharp premium rate increases in late 2019 and early 2020, this sector has stabilized at a new higher pricing level.

- The original market hardening in late 2019 was due to poor underwriting results and poor combined loss ratios dating back to 2013.
- The market's new aim is to achieve \$750M in annual premium income — up from an average of \$500M the past six years.
- The market has adopted a more conservative and strict underwriting approach.
- Insurers are focused on limit requirements as well as technology-based risk differentiators.
- Some reduced pricing is available for lower limits, as well as for straightforward risks with known industry clout.
- New insurers have come into the market to replace some departed capacity.

### Disclaimer

Willis Towers Watson hopes you found the general information provided in this publication informative and helpful. The information contained herein is not intended to constitute legal or other professional advice and should not be relied upon in lieu of consultation with your own legal advisors. In the event you would like more information regarding your insurance coverage,



please do not hesitate to reach out to us. In North America, Willis Towers Watson offers insurance products through licensed subsidiaries of Willis North America Inc., including Willis Towers Watson Northeast Inc. (in the United States) and Willis Canada, Inc.

## Contact

Jason Saunders

Senior Director

Willis Towers Watson Aerospace

North America

Email (<mailto:jason.saunders@willistowerswatson.com>) | +1 404 224 5054 (tel:+1 404 224 5054)

---

Copyright © 2020 Willis Towers Watson. All rights reserved.

## Hard Insurance Market Not Entirely Due to Pandemic

by Kim Rosenlof

June 1, 2021, 9:00 AM



*Tornado damage in Monroe, Louisiana, caused extensive damage to aircraft, part of the reason insurance rates have climbed.*

While the continuing global pandemic has certainly contributed to the ever-hardening aviation insurance market, the seemingly exponential rise in rates in the late 2020 and early 2021 renewal seasons can be further attributed to other factors. Among them: the rise in reinsurance market rates due to underwriters' decreased appetite for high-risk, high-liability operations; and the need for the market to replenish coffers after several years of catastrophic claims, both within and outside aviation.

With the number of aircraft and flight hours flown significantly reduced because of the pandemic, one might have surmised that 2020 would have been a profitable year for the aviation insurance industry. But several factors turned 2020 into another loss for the business as claims from weather events, ground collisions, and previous accidents outstripped the reduced premiums collected as most of the airline fleet remained grounded.

According to data published by travel data analyst Cirium in December 2020, the global airline industry flew about half as many flights in 2020 (16.8 million) as in 2019 (33.2 million). The reduced airline activity brought about by the global pandemic had a twofold impact on aviation insurance. First, since airline premiums are generally assessed according to hours flown, the global aviation premiums collected were down by an estimated 25 percent compared with 2019 numbers. Covid-related business closures have reduced the aviation premium base even further.

Second, while aircraft and crews were sitting, claims continued to occur from weather and ground collision damage. In addition to individual incidents of hail and wind damage to sitting aircraft, airports in five U.S. states suffered direct tornado hits in spring 2020, causing upwards of \$125 million in insured damage. A marked increase in hangar rash and other ground incidents as crews returned to work after a long hiatus generated millions of dollars in repair claims as the price of parts and labor rose during the pandemic.

Also, though there were fewer flights in 2020, more fatal airline losses occurred in that year (eight accidents resulting in 315 fatalities) than in 2019 (21 accidents resulting in 257 fatalities), according to the Flight Safety Foundation. High-profile accidents such as the January 2020 helicopter crash that killed nine people including basketball star Kobe Bryant and the midair collision of two small aircraft that killed eight people in July 2020 added to the loss record.

The year also saw the fallout from the Boeing 737 Max accidents, as claims from the loss of two airline hulls and hundreds of lives, plus worldwide grounding of the airframe by governmental bodies, have reportedly topped \$2 billion. The annual worldwide aviation collected premium in 2019 was just under \$2 billion, meaning the 737 Max crashes will likely wipe out an entire year's worth of worldwide aviation premiums over time as claims are paid.

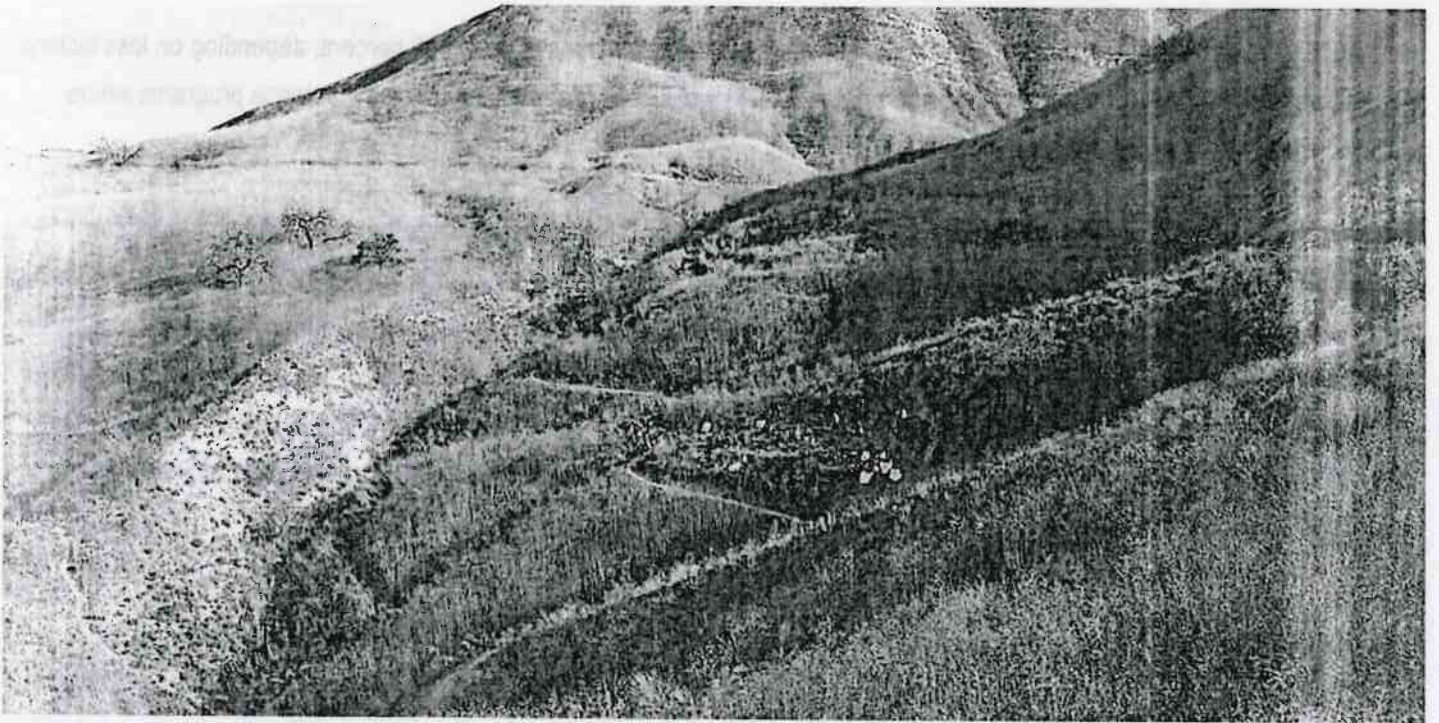
## REINSURANCE WOES

Due to high hull values and high liability limits associated with aviation insurance policies, most insurance carriers must themselves purchase insurance (called reinsurance) to help spread the risk, preventing any one claim from bankrupting a company. The reinsurance market, which also covers property and casualty insurance, life and health, worker's compensation, and other industries, took a beating during 2020 due to natural catastrophes such as Hurricane Laura, which itself caused an estimated \$10 billion insured loss.

According to "Willis Re 1st View: The Perils of Unmodeled," a reinsurance report published April 1, insured natural catastrophe losses totaled \$78 billion in 2020, up \$25 billion from 2019 and 17 percent above the average annual loss over the last 10 years. A January 2021 report from reinsurer Aon reported an estimated \$97 billion in insured losses due to natural catastrophes, or 40 percent above the 21st-century average.

S&P Global Ratings' *Global Reinsurance Highlights 2020*, published in May 2020, indicated that Covid-19 losses eroded the buffer of many reinsurers and predicted: "If 2020 catastrophe losses reach the level reinsurers have budgeted for, we expect at least eight of them to suffer a capital event." A chart published in that report indicated an industry loss of \$75 billion-plus Covid-19 losses would result in the catastrophe budget and prospective earnings being insufficient to cover the total loss, affecting as many as 15 reinsurers.





*The tragic crash that killed Kobe Bryant, his daughter, and seven others in January 2020 was one of several losses that contributed to recent insurance rate increases.*

## REINSURANCE EFFECT ON AVIATION

In an attempt to refill empty coffers, reinsurers increased their rates in 2020. While worldwide reinsurance rate increases in the property and casualty markets ranged between 5 and 30 percent, aerospace reinsurance rates increased a minimum of 25 percent for insureds who were loss-free and as much as 250 percent for certain insureds who had previous loss history, according to various sources.

The higher cost of reinsurance meant insurance carriers were forced to increase their rates as well, and underwriters began tightening up liability limits, reducing coverages, and scrutinizing operations.

"For existing policies, there's a much stronger mindset of driving toward an adequate rate for the risk class, as well as managing the exposure," said Wesley Collier, senior vice president and light aircraft product line manager for Old Republic Insurance Group. "Each risk is evaluated based on its own individual risk factors. While make and model flight experience probably remains 'king' among all factors for getting an underwriter comfortable with a pilot, many other factors weigh in on the decision to accept a risk, and ultimately the rate generated...Obviously, clean accounts with fewer elevated risk factors will have more options in the marketplace."

The worst hit may be small single-ship and single-pilot aircraft operators; the ones who made it through the pandemic squeeze are now finding themselves in an insurance conundrum where rate increases can reduce profitability to the point of nonexistence.

The "USI 2020-2021 Commercial Property & Casualty Market Outlook" noted that for owner-flown aircraft higher liability limits are scarce, pilot age and training are being scrutinized more heavily, and premium increases are in the high double digits— between 50 and 100 percent. Single-pilot charter operations are under intense underwriting scrutiny and limits have been drastically



reduced. Rotorcraft operators have been particularly hard hit with rate increases of 50 to 150 percent, depending on loss history. Large fleets of both fixed- and rotary-winged aircraft with a history of losses are requiring layered insurance programs where multiple insurers each assume a portion of the risk.

David Merker, region manager of aerospace in North America for Willis Towers Watson, says that pilots and operators can improve their rate situation through various safety-related initiatives, including participating in the FAA Wings program, increasing make and model time, and engaging in simulator-based training. "Anything you can do to improve your proficiency as a pilot, especially relative to the aircraft you're insured in, will factor favorably into your rates," Merker said. "There are a lot of programs offered through the insurers themselves, or they provide preferred vendor access to upset prevention and recovery training or safety management system assistance. Attaining a higher pilot rating is also always favorable. It shows your dedication to the aircraft platform and your proficiency in flying that aircraft."

<https://www.ainonline.com/aviation-news/business-aviation/2021-06-01/hard-insurance-market-not-entirely-due-pandemic>



# Commercial Property & Casualty Market Outlook

## 2021 MID-YEAR Update

Insights From USI National  
Practice Leaders

**THE USI ONE ADVANTAGE**

This material is for informational purposes and is not intended to be exhaustive nor should any discussions or opinions be construed as legal advice. Contact your broker for insurance advice, tax professional for tax advice, or legal counsel for legal advice regarding your particular situation. USI does not accept any responsibility for the content of the information provided or for consequences of any actions taken on the basis of the information provided.

© 2021 USI Insurance Services. All rights reserved.

# TABLE OF CONTENTS

Executive Summary.....	3
Market Update and Rate Forecast.....	4
Property.....	6
Casualty.....	8
Executive & Professional Risk.....	12
International.....	24
Aviation.....	26
Environmental.....	28
Industry Updates.....	30
Manufacturing & Distribution.....	31
Real Estate.....	33
Healthcare.....	34
Construction.....	35
Public Entity/Higher Education.....	38
Agriculture.....	40
Life Sciences.....	42



Now that businesses can see a light at the end of the COVID-19 tunnel, we should celebrate our victories (such as welcoming employees back to the workplace) while confronting the serious challenges that remain. The pandemic's repercussions include many new risks and insurance issues on top of the old ones. As businesses reopen, employees will return to a different workplace, both physically and culturally, and companies will face a different risk landscape.

Throughout this report, you will read about the hard market conditions brought on by catastrophes, the COVID-19 pandemic, and other market pressures. But even in a tough insurance market — in many cases, especially in our current market — **businesses can take major steps to significantly improve their risk profiles, reduce costs and ultimately increase profitability.** This report outlines the current market conditions and offers suggestions and solutions to help organizations reduce potential exposures.

- **Property:** This remains the largest loss drag on the property and casualty (P&C) industry's profits. Recently, the industry and property owners have faced unprecedented challenges, and insurance companies are responding with increased deductibles, reduced capacity, and changes in coverage. Sustaining low attritional loss levels and presenting strategic loss mitigation strategies to underwriters can help property owners reduce their insurance costs.

- **Casualty:** Most lines of casualty insurance continue to face the usual challenges of selective underwriting, rate increases, capacity reductions and restrictive coverage terms and conditions. Umbrella/excess insurance is still the most challenging casualty market, with average rate increases of 1.5% to 2.5%. New market capacity is slowly being introduced, but it will take some time for this capacity to have a beneficial impact on the market in terms of initiating competition and moderating rate increases.

- **Workers' Compensation:** Claim activity and frequency have declined recently due to more employees working from home, changes in job duties, and furloughs — but this trend should change as employees return to the workplace. Ultimately, COVID-19's long-term impact on workers' compensation remains to be seen. Rate decreases may be moderating in various states, and rate increases are not as high as expected in others, including in states with COVID-19 presumptive liability. Insureds should focus on well-thought-out renewal strategies and thorough underwriting submissions.

- **Cyber:** Rates for primary layers of cyber insurance are up 2.5% to 50% when insureds have a complete submission, optimal ransomware controls and no material loss events. Facing increased underwriter scrutiny, insureds will have no choice but to tighten cyber loss controls and improve their risk profile before insurance companies will even consider providing coverage. Companies should work with a broker who takes the additional step of improving their risk profile for better and more affordable coverage.

- **Directors & officers (D&O):** Second-quarter premiums are up 10% to 50% for public company D&O insurance, which is an improvement from the latter part of 2020's increase of 20% to 100%. Private companies saw a similar trend. The optimist's take: this relative stability should help D&O buyers that effectively differentiate their financial, operational and governance risk profile in a positive manner obtain better-than-average results.

- **Other lines of executive and professional insurance:** Premium increases continue across the board, ranging from 5% to 75%. For fiduciary liability coverage, plans with significant retirement plan assets are taking substantially larger retentions and facing larger increases in premium. Employment practice liability (EPL), crime, kidnap and ransom (K&R), and professional liability all continue to see upward pressure on premiums and retentions. Overall, the executive and professional risk (EPS) market should continue to be firm heading into the last two quarters of 2021, as overall risk uncertainty continues to weigh on underwriters.

As we approach the second half of the year, we will continue monitoring industry and market developments so we can guide and support our clients. In addition to the suggestions noted in each section of this report, we encourage our clients to engage their USI representatives in the renewal process as early as possible.

Further, we will continue to leverage our risk, insurance, and market expertise through our comprehensive STEER initiative (Steer Through Epidemic and Economic Recovery), of which USI's Public Health Emergencies site is a key component. Here, we regularly post comprehensive and timely communications, tools, and materials related to the COVID-19 pandemic to help inform and educate our clients.

We wish you success and good health as we move into the "next normal."

**Robert Meyers**  
Senior Vice President,  
Property & Casualty Leader





# MID-YEAR MARKET UPDATE AND RATE FORECAST YEAR-OVER-YEAR (YOY)

Product Line	Mid-Year 2021
<b>PROPERTY</b>	
Property Non-Catastrophic w/Good Loss History	Up 5% to 10%
CAT Property w/Minimal Loss History	Up 10% to 15%
CAT or Non-CAT Property w/Poor Loss History	Up 20% +
<b>CASUALTY</b>	
Primary General/Product Liability	Up 10% to 20%
Primary Auto Liability w/Fleet Less Than <b>200</b> & Good Loss History	Up 5% to 10% *^
Primary Auto Liability w/Fleet Less Than <b>200</b> & Poor Loss History	Up 20% to 30% + ^
Primary Auto Liability w/Fleets in Excess of <b>200</b>	Up 5% to 10% *^
Excess Auto Buffers	Up 40%+
Workers' Compensation Guaranteed Cost	Down 10% to up 5%**
Workers' Compensation Loss Sensitive	Flat to up 5%**
Umbrella & Excess Liability (Middle Market)	Up 5% to 25%***
Umbrella & Excess Liability (Risk Management)	Up 25% to 50% +***
Medical Malpractice	Up 10% to 35%
<b>EXECUTIVE &amp; PROFESSIONAL RISK (EPS)</b>	
Public Company Directors & Officers	Up 10% to 50%
Private Company and Not-For-Profit (NFP) Directors & Officers	Up 10% to 60%
Employment Practices Liability (EPL)	Up 10% to 50%
Fiduciary	Up 5% to 75% overall (5% to 25% for smaller firms; up to 75% for larger firms)
Crime	Up 5% to 25%

# MID-YEAR MARKET UPDATE AND RATE FORECAST

## YEAR-OVER-YEAR (YOY) *continued*

Product Line	Mid-Year 2021
<b>EXECUTIVE &amp; PROFESSIONAL RISK (EPS)</b>	
Professional Liability/Errors & Omissions	Up 15% to 60%
Network Security & Privacy (Cyber)	25% to 50% for optimal risks; 50% to 100% for less optimal risks
Technology Errors & Omissions	25% to 50% for optimal risks; 50% to 100% for less optimal risks
Representations & Warranties	-5% to up 5%
Kidnap & Ransom	Up 5% to 10%
<b>INTERNATIONAL</b>	
International Liability	Flat
International Property, CAT Exposure	Up 25%
International Property, Non-CAT Exposure	Flat
<b>AVIATION</b>	
Aviation	Up 15% to 30%
<b>ENVIRONMENTAL</b>	
Environmental Combined General Liability/Pollution	5% to 15%
Excess Combined General Liability/Pollution	15% to 25%
Environmental Contractors' Pollution	10% reduction to flat
Environmental Pollution Legal Liability	Flat to inflationary increases

\*Including need for primary limits up to \$2 million.

\*\*Dependent on state and longer-term impact of COVID-19 presumptive liability rules.

\*\*\*In some cases, depending on class of business and limits purchased. Factors in contraction in limits.

^Geographical radius of operations will impact pricing.

# PROPERTY

## Product Line

## Mid-Year 2021 (YOY)

Property Non-Catastrophic w/Good Loss History	Up 5% to 10%
CAT Property w/Minimal Loss History	Up 10% to 15%
CAT or Non-CAT Property w/Poor Loss History	Up 20% +

Overall, the property and casualty (P&C) sector recorded an underwriting profit in 2020, although property remained the largest loss drag on the industry's profits. Last year, the combined ratio for the P&C industry was 99.3%, according to AM Best. The challenges remain for carriers offering property capacity, as commercial development follows the population movement to areas exposed to natural catastrophe.

This population shift, coupled with perils that were minimal contributors to loss ratios prior to 2016 — wildfire, riots, and major freeze events — creates a property market where carriers are responding with increased deductibles, reduced capacity, and changes in coverage. Yet unlike previous hard market cycles, capacity is ample, and the current environment is being driven by loss and exposure, versus restrictions in industry capital.

Insureds that deliver moderate to high claims and loss costs to the market in 2021 will continue to see hard property market conditions with increases of more than 20%. Those that sustain low attritional loss levels and present strategic loss mitigation strategies will benefit from the flattening of the rate curve, per the rate forecast table above and as noted in our [Q4 2020-2021 Commercial P&C Market Outlook](#).

These generalities and rate ranges may not apply for insureds with higher hazard occupancies, natural catastrophe-exposed

geographies, or for those that are forced to move from a single-carrier solution to a shared and layered structure. It can be challenging to predict market trends because of market volatility, but a well-planned mitigation strategy can provide individual property owners with greater certainty.

## Market Trends

Profitable underwriting and rate discipline are the impetus for carriers offering property capacity, and there remains a strong focus by carriers on ensuring the adequacy of building values. In our Q4 2020-2021 Market Outlook, we outlined the impact of catastrophic events that took place from 2017 to 2020, revealing the impact of inadequate building values on the property market. The chart that follows illustrates the year-over-year magnitude.

The unprecedented storm this winter, which affected the South-Central part of the U.S., is projected to contribute approximately \$20 billion in losses, making it more difficult for property carriers to achieve profitability. This first-quarter loss, which is expected to be the largest on record for the period, materialized during a typically quiet time for carriers. While stricter underwriting would be expected, carriers continue to utilize a highly analytical and in-depth quality assessment process in underwriting property submissions.



In addition, increasing reinsurance costs drive the prolonged contraction of catastrophe aggregate capacity. Insureds must understand and review the financial impact of **increased retentions**, limit needs, and coverage modifications, to create an opportunity to offset current market trends. Alternative structures, including captives and parametric solutions, continue to be widely considered by insureds.

## Why Are We Here?



Source: Insurance Information Institute.

## Driving Outcomes

Relationships remain especially important in the marketplace, which is why property owners should get to know their current underwriter and carrier management team. Doing so can positively impact a renewal outcome. Property owners should also meet with prospective carriers during the renewal cycle, as the market continues to see new capital entrants due to the current rate and deductible levels. Brokers can play a critical role in vetting and pairing new capacity with the right client. USI effectively supports the needs of its clients by connecting our locally based client service teams with our highly skilled regional and national property resource groups.

## How USI Can Help

As the hard market continues, it is essential for property owners to obtain targeted guidance and support from their property brokers. USI leverages our property experts, proprietary analytics, and years of industry expertise to assist clients in achieving a favorable renewal outcome, including:

- Leveraging the compounded impact of our interconnected risk control, analytics, and claims services
- Utilizing modeling technology to better understand property exposures to natural catastrophe
- Preventing future claims by aggressively mitigating additional exposures related to previous claims
- Ensuring that all structure, coverage, and placement options have been explored
- Guiding clients to submit renewal information to markets at least 90 days prior to renewal, to allow for engineering visits and appropriate modeling by carriers
- Communicating regularly with clients and carriers during the renewal cycle

## USI Solutions to Market Challenges

Carrier Focus	USI Solution
Accurate underwriting data/valuations	Various analytical and valuation tools
Risk improvement requirements	Risk control cost/benefit analysis
Pandemic exclusions	Parametric coverage options
Civil unrest and wildfire exposures	Alternative capacity development
Reduced limits/coverage restrictions	Modeling tools and exposure analysis
Submission overload	High-quality submission data
Loss leading occupancies	Risk assessment and differentiated risk profile



## Product Line

## Mid-Year 2021 (YOY)

Primary General/Product Liability	Up 10% to 20%
Primary Auto Liability w/Fleet Less Than 200 & Good Loss History	Up 5% to 10% *^
Primary Auto Liability w/Fleet Less Than 200 & Poor Loss History	Up 20% to 30% +^
Primary Auto Liability w/Fleets in Excess of 200	Up 5% to 10% *^
Excess Auto Buffers	Up 40%+
Workers' Compensation Guaranteed Cost	Down 10% to up 5%**
Workers' Compensation Loss Sensitive	Flat to up 5%**
Umbrella & Excess Liability (Middle Market)	Up 5% to 25%***
Umbrella & Excess Liability (Risk Management)	Up 25% to 50% +***
Medical Malpractice	Up 10% to 35%

\*Including need for primary limits up to \$2 million.

\*\*Dependent on state and longer-term impact of COVID-19 presumptive liability rules.

\*\*\*In some cases, depending on class of business and limits purchased. Factors in contraction in limits.

^Geographical radius of operations will impact pricing.

## General/Product Liability, Workers' Compensation and Umbrella/Excess

There has been a continuation of hard market trends during the first quarter of 2021, characterized by selective underwriting, rate increases across most lines of casualty insurance, capacity reductions, and restrictive coverage terms and conditions for most insureds.

Umbrella/excess insurance continues to be the most adversely impacted casualty coverage line. Average rate increases of 15% to 25% are the norm, with some insureds in more hazardous industries or with prior loss experience continuing to see high-double-digit and, in some cases, triple-digit rate increases year-over-year.

The umbrella/excess market also continues to exhibit selective deployment of capacity, with persistent higher underlying primary limit requirements for many insureds. Coverage also remains restrictive, with explicit non-negotiable communicable disease exclusions required on almost every account. For larger insureds that purchase limits of liability of \$50 million or higher, we are beginning to see less severe rate increases throughout the tower. Nevertheless, the market is demanding, and in most situations, carriers are obtaining rate increases.

New market capacity is slowly being introduced, although we are not seeing this capacity enter the market with lower rates that are sufficient to spur pricing competition. For this reason, additional market capacity is welcome to make up for the reduction in per-client capacity imposed by most markets. For all insureds, it will take some time for this capacity to have a beneficial impact on the market.

in terms of initiating competition and moderating rate increases for more buyers of umbrella/excess liability insurance.

Workers' compensation, by contrast, appears to be performing well for most insureds in most states. While rate decreases may be moderating in various states, rate increases were not as high as expected in others, including in those states with presumptive liability. However, the long-term impact of COVID-19 on workers' compensation remains to be seen, and more states are increasingly adopting presumptive liability legislation. During the first quarter of 2021, pandemic-related claim activity and frequency were lower than expected, due to more employees working from home, changes in job duties, and furloughs. Together, these factors created a positive workers' compensation environment.

Except for workers' compensation, we expect this market to persist well into 2021, however, three years of significant rate increases have improved trends in underwriting profitability for most insurers. This, coupled with additional capacity coming into the market, may result in rates leveling off later in the year. Some insureds may see less severe renewal rate increases or flat renewals. With a persistently low interest rate environment, as well as continued higher court awards and rising litigation costs for liability claims, we do not expect rates to begin stabilizing until next year. We do not project an environment of rate reductions until at least late 2022 and possibly beyond.

Thorough and detailed underwriting submissions will receive the most attention from underwriters. Additionally, having a well-thought-out renewal strategy will allow an insured to pivot more quickly regarding rate, limit, attachment point requirements and coverage terms and conditions. To offset rate increases, buyers of primary casualty insurance have had to change their risk appetite and are retaining more risk themselves by assuming higher deductibles.

With respect to umbrella/excess liability, a **small but increasing number** of USI's clients are cutting back in the limits of liability they purchase, although this is not recommended. The cost-benefit of purchasing higher limits of liability for balance sheet protection in today's highly litigious environment should be discussed thoroughly at the board level, as it is not the only solution available. A greater number of insureds are

looking to assume more risk themselves, directly or through a captive, by self-insuring certain buffer layers that serve to push the umbrella/excess attachment points up as well, assuming a quota share of the tower. While these solutions will result in premium savings, a cost-benefit analysis must be performed to determine if the risk to insureds of assuming more loss themselves is worth the reward.

## How USI Can Help: Workers' Compensation

To help clients achieve the best results for their workers' compensation renewals, USI suggests clients:

- Maintain a COVID-19 containment plan.
- Monitor COVID-19-related workers' compensation claims more closely, and ensure applicable local, state, and federal health and safety guidelines are being followed in the workplace to strengthen any rebuttable positions.
- Leverage proper loss and financial analytics to determine if a loss-sensitive program structure makes sense, as well as the capacity of insureds to assume risk at various retention levels.
- Ensure that payroll by classification codes is accurate, adjusted and monitored accordingly for repurposed employees, employees working remotely, and/or for employers whose operations have changed. Accordingly, maintain separate payroll records for the change in operations or the wages earned for employees whose duties/roles have changed.

Since state and federal regulation of gig workers varies significantly, clients should monitor the current and future utilization of independent contractors continuously. This will help determine the impact on the workers' compensation program structure, costs, and losses should statutory law change to classify gig workers as employees and not independent contractors.

*"Workers' compensation appears to be performing well for most insureds in most states."*

## ▶▶ How USI Can Help: General/Products and Umbrella Liability

In a market characterized by almost universal rate increases, companies should work with their brokers proactively to ensure the best possible outcome and identify solutions which may offset rate increases, reductions in capacity and more restrictive coverage terms and conditions. Preparing early and having a well-thought-out plan of action that includes alternatives is key in today's market. USI recommends:

- Preparing early for renewal, developing a plan of action, and dialoguing with both incumbent and new markets at least 150 days in advance. Discussions should consider reductions in capacity, corresponding rates on a price-per-million basis and any additional exclusionary wordings such as those pertaining to infectious disease or similar exclusions.
- Developing a quality underwriting submission and differentiating the quality of the risk from others, so it will stand out.
  - Think critically about the risks that underwriters will be most concerned about and address them in the submission.
  - Differentiate the nature of the risk, a step that is now more important than ever. Clients should clearly describe the qualities of their risk in their carrier submissions. Risk quality comes in several forms, including loss control/safety, contractual risk management, risk mitigation, capital expenditures, and willingness to engage risk control and overall risk management philosophy.
- Dialoguing with incumbent and prospective markets to develop a relationship early in the process.
  - Determine as early as possible the minimum underlying limits that the umbrella markets are willing to attach over.
  - Consider self-insuring above contractually required limits.
  - Benchmark overall umbrella/excess limits purchased against peer groups to validate total limits purchased.

- Analyzing the cost-benefit of program structural changes such as:
  - Performing a cost-benefit of assuming higher retention levels for buyers of guaranteed cost or low deductible insurance programs
  - Including defense costs in the limit of liability where feasible
  - Aggregating all coverage lines, including those that are traditionally not aggregated, such as automobile liability
  - Amending umbrella/excess aggregate drop-down provisions
  - Having the insured or their captive take on a quota-share participation of the umbrella/excess program tower
  - Looking at structured approaches, such as swing plans in which the ultimate cost is dependent upon losses
  - Analyzing multiyear, single-limit policies
  - Changing the policy trigger from “Occurrence” to “Claims Made” or “Occurrence Reported”

## Commercial Automobile Liability

Commercial automobile liability coverage also remains under rating pressure despite showing improvements in loss ratios in 2020. Insurers that have long been dormant in the auto liability space are making a reappearance and are heavily underwriting these risks.

A consistent requirement, for example, is the need to produce or collect data that goes back seven or more years. Further, many auto heavy fleets are evaluating alternative program structures, including self-insured retentions (SIR), high deductibles, or captive programs.



## »» How USI Can Help: Commercial Automobile Liability

USI's risk advisors will take these vital steps when working with their commercial automobile liability clients:

- Preparing early for renewal, developing a plan of action, and dialoguing with both incumbent and new markets at least 120 days in advance
- Developing a quality underwriting submission that will best express the risk characteristics of insureds
- Taking inventory of all telematics tools and other safety initiatives invested in by insureds to reduce their risk exposure and improve driving behavior. This includes GPS and speed monitoring systems, interior and exterior cameras, and other technological loss prevention tools.
- For motor carrier operations, reviewing applicable compliance, safety, and accountability (CSA) scores and taking corrective actions. The CSA score, which is used to rate motor carriers in various categories such as unsafe driving, crash indicator, hours-of-service compliance, and driver fitness, is now the first underwriting factor used by insurers to assess a company's risk profile and determine coverage rates.
- Determining early in the process the minimum underlying limits that umbrella markets are willing to attach above and working with the primary insurers or buffer markets accordingly.
- Updating driver lists and safety protocols, providing complete analytics on loss history and exposure, and providing a data-rich submission with clear underwriting goals from the clients' perspective.
- Reviewing alternative program structures to ensure the current structures are the most optimal from cashflow, retention level, cost, and collateral perspectives.





# EXECUTIVE & PROFESSIONAL RISK SOLUTIONS (EPS)

## Product Line

## Mid-Year 2021 (YOY)

Public Company Directors & Officers	Up 10% to 50%
Private Company and Not-For-Profit (NFP) Directors & Officers	Up 10% to 60%
<b>Employment Practices Liability (EPL)</b>	Up 10% to 50%
Fiduciary	Up 5% to 75% overall (5% to 25% for smaller firms; up to 75% for larger firms)
Crime	Up 5% to 25%
Professional Liability/Errors & Omissions	Up 15% to 60%
Network Security & Privacy (Cyber)	25% to 50% for optimal risks; 50% to 100% for less optimal risks
Technology Errors & Omissions	25% to 50% for optimal risks; 50% to 100% for less optimal risks
Representations & Warranties	-5% to up 5%
Kidnap & Ransom	Up 5% to 10%

## Public Company Directors & Officers (D&O)

The public company D&O marketplace, while still very challenging, has shown signs of relative stability in 2021. We expect this to continue for insured organizations that effectively and positively differentiate their financial, operational and governance risk profile. One notable exception, however, is companies completing initial public offerings (IPOs), particularly special purpose acquisition company (SPAC) IPOs and the subsequent de-SPAC IPOs (the new public company that is formed after the business combination of the SPAC and the target company). These IPOs are all seeing premium and retentions well above established publicly traded companies.

**New Capacity:** One reason for the relative price stabilization has been the influx of new excess capacity (on paper, over \$100 million), particularly from the U.S. wholesale marketplace and from the Bermuda and London marketplaces. Typically, these new entrants will only offer a maximum of \$10 million in limits of liability.

**Retentions and Coverage:** As the new capacity focuses on excess layers, the more limited competition for primary positions is allowing primary insurers to continue pushing for higher retentions. This is done by either not offering the expiring retention as an option at renewal or by incentivizing clients with relatively attractive premium discounts to take a higher retention. Underwriters are prioritizing the raising of the securities claim(s) retention and the mergers and

acquisitions (M&A) retention, meaning that it may be possible to maintain a lower core retention for non-securities exposures.

Coverage reductions continue to include:

- More expensive or “to be determined” extended reporting period (ERP), or “runoff,” terms
- The reduction/elimination of shareholder derivative demand investigative costs coverage
- Specific exclusions **focused** on cyber **exposures** and/or bankruptcy, in extreme cases

**Side A Difference in Conditions (DIC):** This coverage protects individual insureds when not being indemnified by their company. It is usually excess (and DIC) over traditional Side ABC D&O coverage. The discounts for Side A DIC coverage are less than they have been historically, as insurers continue to worry about: a) companies with high levels of debt and limited liquidity, and b) derivative litigation settlements (which are generally not indemnifiable), particularly for “failure of board oversight” claims.

**The Underwriting Process:** D&O insurance buyers should expect continued underwriting scrutiny and a more rigorous renewal process. Claims history, industry-specific risks like regulatory exposure, and share price volatility will all determine the amount of capacity that may be available to a company. Organizations with more concerning risk profiles — cryptocurrency, biotechnology, life sciences, general healthcare and technology industries, cannabis, and those that have had significant D&O claims activity in the past five years, will have a more limited group of interested insurers. This drives larger premium increases. D&O capacity for IPOs continues to be limited, **keeping** pricing extremely inflated.

**Alternative Considerations:** For D&O coverage, the use of a captive insurer remains a rarity. However, in a continued hard market, more companies may consider forming a captive or adding D&O coverage (with the exception of Side A coverage) to an existing captive insurer.

Looking forward, we see the following challenges, but also some potential stabilizers:

## Challenges

- Continued economic uncertainty in the wake of the COVID-19 crisis, including bankruptcies in industries that are slow to recover.
- Continued defense cost inflation and potential high settlement amounts for unresolved securities claims (severity impact).
- Future securities litigation arising from continued SPAC/de-SPAC IPOs.
- A focus on environmental, social and governance (ESG) claims, especially in the areas of diversity, equity, and inclusion.
- Event-driven and board oversight failure litigation, particularly related to cyber events.
- Changes to corporate tax rates that impact company earnings.
- Industry performance uncertainty (for example, cryptocurrency, cannabis, energy, life sciences, retail).
- Impact of social media on stock market volatility. Targeted companies could suffer tarnished reputation/negatively impacted performance.

## Potential Stabilizers

- Continued economic growth, attractive credit markets, and stock market buoyancy.
- Added supply (capacity), especially from the U.S. wholesale marketplace coupled with reduced demand (companies reducing D&O limits of liability purchased).
- Lower projected securities class actions (SCAs). Year to date, there have been fewer SCAs than in the last four years, with about 250 SCAs projected for 2021.
- Dismissals of securities claims, including derivative claims, for lack of jurisdiction due to the inclusion of Federal Forum Provisions (FFPs) in the issuing company’s articles of incorporation.

## How USI Can Help

USI can assist clients by:

- Communicating with clients early and often and setting appropriate, realistic expectations.
- Preparing for COVID-19-related questions about the operational and financial impact of the crisis on their business, especially in a return-to-work environment (e.g., employee reintegration strategies and decisions on vaccine mandates/exceptions). Helpful COVID-19 resources can be found on USI's [Public Health Emergencies](#) page.
- Preparing clients for corporate governance questions in relation to environmental, social and governance (ESG), cybersecurity, regulatory exposure, and supply chain exposures.
- Starting the placement process early and approaching multiple insurer channels (retail and wholesale) and marketplaces: U.S., Bermuda, and London.
- Evaluating all options, including:
  - Buying less D&O coverage. This might be a prudent strategy if an enterprise's true risk exposure is understood. USI uses analytical tools to evaluate true exposure.
  - Buying different D&O coverage. Buying more Side A DIC vs. Side ABC coverage can lessen a company's premium spend.
  - Retaining more risk. Consider buying D&O coverage with a higher retention to help mitigate pricing increases. Or consider accepting co-insurance for the Side B and Side C portions of D&O coverage if the premium offset is significant.
- Presenting alternative structures if risk transfer costs continue to elevate.

## Private Company/Not-for-Profit (NFP) Directors & Officers Coverage (D&O)

Private Company/NFP D&O premiums and retentions continue to rise:

- **Primary and Excess Layers:** Up 10% to 60%, depending on individual risk factors

- **Retentions:** Up 50% to 100% or more (for example, a retention of \$100,000 increasing to \$150,000, or a \$250,000 retention increasing to \$500,000)

Companies with particular risk drivers (see bullets below) will see premium and retention results that could exceed these ranges. They may also see coverage terms that are modified/restricted.

- High debt burdens/bankruptcy potential
- Significant exposure to supply chain disruption
- SPAC targets and/or IPO candidates, especially large private companies (more than \$1 billion valuation)
- Significant, lingering COVID-19-related exposure
- M&A activity contemplated or in progress
- Claims reported or recent losses

**Claims:** An increasingly diverse number of claims (antitrust and unfair trade practices, tortious interference, regulatory and oversight issues) against private and not-for-profit (NFP) organizations' directors and officers, and the accelerating costs to defend them, continues to challenge D&O insurers. Much like public company directors and officers, ESG risks represent an increasing corporate exposure basis for private companies.

**Coverage Impact:** Coverage pullbacks are being undertaken by several conventional insurers, including eliminating predetermined extended reporting periods (ERPs) and "additional Side A" limits for directors. Firms in industries with antitrust exposures (healthcare, for example) may struggle to retain any antitrust coverage extensions. Governmental funding exclusions and higher-class-action self-insured retentions (SIRs) have also been seen.

In extreme cases, larger privately held companies may see limited coverage offered for the organization/entity itself (a pullback from the full entity coverage historically offered).

**Side A Difference in Conditions (DIC):** This coverage protects individual insureds when not being indemnified by their company and usually pays excess of any



traditional Side ABC D&O coverage in place. It may drop down to pay first-dollar loss in certain situations. Distressed firms may see large pricing increases (100%+) on Side A DIC coverage. Financial condition and overall revenue size will also influence the availability of “reinstatement of limits” coverage.

**Increased Underwriting:** Companies will continue facing COVID-19-specific questions about the operational impact of the crisis on their business, especially in a return-to-work environment (i.e., employee reintegration, vaccine mandate/exceptions). Questions related to ESG commitments, cybersecurity, regulatory exposure, and supply chain risks are also likely.

**Limits/Capacity:** Some insurers are reducing limits at renewal (for example, from \$10 million to \$5 million), as they seek to mitigate exposure.



## IMPORTANT

D&O terms and conditions may change dramatically for known special purpose acquisition target companies.

## How USI Can Help

USI can assist clients by:

- Communicating with clients early and often and setting appropriate and realistic expectations.
- Starting the placement process early and approaching multiple insurer channels when marketing.
- Identifying potential financial distress and/or social justice exposures and working to help establish steps/practices to mitigate these risks and communicate mitigation effectively to underwriters.
- Seeking favorable baseline D&O terms through USI’s “ExecuSafe” panel of insurers. Pre-arranged terms can broaden coverage for USI clients.
- Improving clients’ understanding of Side A coverage specifically. Private companies and NFPs that do not currently buy dedicated Side A D&O insurance should consider doing so.
- Preparing directors and officers for underwriting questions on issues such as ESG amendments and implementation, cyber resiliency, and the board of directors’ stance on COVID-19 and return-to-work vaccinations.



## Employment Practices Liability (EPL)

**Overall:** Due to continued economic uncertainty, complicated back-to-work transitions and headline focus on social issues like discrimination, EPL premiums and retentions continue to increase. California, Illinois, New York, New Jersey, and Florida remain more problematic states for EPL insurers due to their employee-friendly regulatory and legislative activity.

**COVID-19:** Given the broad impact of COVID-19, including complex back-to-work challenges for employers, businesses of all types and sizes are susceptible to EPL exposure. According to the law firm Jackson Lewis, complaints filed in federal and state courts alleging labor and employment law violations related to COVID-19 (accommodation and disability, retaliation, harassment) have already increased.\* Also, since overall EPL risks can lag and may not materialize into claims until the financial impact of extended unemployment is felt and/or there is a discontinuation of government financial support programs, EPL carriers are cautious.

Companies transitioning workers back from a work-from-home environment and establishing protocols with respect to vaccine mandates and exceptions may encounter discrimination claims under the Americans with Disabilities Act (ADA) and/or Civil Rights Act (religious discrimination).

**Premium and Retentions:** Premium increases are across the board, ranging from up to 50%, depending on risk-specific parameters. Retentions are under even more pressure than premiums, as retention increases of over 100% are common (examples: increases from \$50,000 to \$150,000 or from \$150,000 to \$350,000). Factors impacting premium and retention changes include COVID-19 crisis actions (layoffs, furloughs, pay cuts), overall employee count, the number of unionized employees, the average compensation level of employees, recent EPL loss history, and employee location (state or states).

California remains the riskiest jurisdiction, and claims by California-based employees may face a higher retention. Companies are also facing higher retentions for claims brought by “highly compensated” employees or for claims brought as class (or mass) actions. For larger companies (typically 5,000+ employees) that may be able to

consider the Bermuda marketplace for EPL coverage, retentions under \$1 million are extremely rare. The London marketplace today is not a realistic alternative, as London insurers have become extremely restrictive in this area of risk.

**Claims:** Areas of concern include:

- Retaliation claims
- Claims by healthcare providers stating that employers have retaliated against them for raising patient safety concerns involving the treatment and spread of COVID-19
  - Whistleblower and retaliation claims arising out of alleged violations of federal laws
- Continued discrimination claims based on disability, age, race, sex, and other protected classes
- Potential claims stemming from employee social media use
- Wage and hour claims, as companies adjust their workforce classifications, including making distinctions between employees and independent contractors
- Third-party claims brought by non-employees for harassment or discrimination

There is a broad belief that once our economy reestablishes some level of normalcy with regulatory (Equal Employment Opportunity Commission (EEOC)) and court activity ramping back up, EPL claims activity will surge.

**Coverage:** Alleged violations of the 2008 Illinois Biometric Information Protection Act (BIPA), have increased, and some insurers have begun to ask more underwriting questions and/or have added exclusions. In fact, more EPL insurers are now looking to exclude all confidential information-related employment exposures from EPL policies, forcing coverage analysis to another line of coverage, cyber liability. In all cases where exclusionary language is unavoidable, buyers should ensure that their EPL policies include coverage for, at least, retaliatory allegations.

**Increased Underwriting:** Financial performance continues to be a focus for carriers (projecting needs for hiring/layoffs). Questions about vaccine mandate protocols and back-to-work procedures and staff communications should be expected.

<https://www.jacksonlewis.com/covid19/brw.html>

## » How USI Can Help:

USI can assist clients by:

- Preparing clients to respond to expanded underwriting questions regarding the impact of COVID-19 and any vaccine mandate or incentive protocols
- Reviewing their EPL policies for “who is an insured” and for any exclusions to determine if the coverage is suitable for their needs, especially when transitioning back to the office
- Evaluating whether specific coverages will be available (such as punitive damages and wage and hour coverage)
- Helping engage all available risk management services that are negotiated as part of standard EPL coverage
- Reminding clients to review and update all internal employment checklists and contracts, consult with counsel, and develop any needed internal process or checklist to ensure that their workers are properly classified as employees or independent contractors



## Fiduciary Liability

**Overall:** The adverse macroeconomic pressures associated with COVID-19 lockdowns, large settlements related to excessive-fee litigation, and increasing regulatory and governance uncertainty, have led to premium increases. The range is wide: up 10% to 75%, with plans having more than \$500 million in plan assets taking the larger increases in premium.

We expect the market to continue firming through the first half of 2021 as underwriters confront other areas of risk uncertainty. Increases in retentions are also becoming more common. Some leading insurers are mandating across the board “class/mass action/excessive fee” retentions that are significantly higher than the standard fiduciary retention (up to \$5 million for companies with over \$500 million in defined contribution plan assets). Organizations that secured zero-dollar retentions in the past will likely find this unattainable, as they are being replaced at renewal with \$10,000 to \$50,000 minimum retentions, depending on underwriting variables.

The most significant premium and retention increases are likely to be experienced by those firms with:

- Excess fee litigation exposures or claims/losses. Note: these lawsuits claim that the excessive fees paid out of the plans have eroded the plan assets for retirees/future retirees, and that less expensive investment options should have been provided.
- Employee Stock Ownership Plans (ESOPs), as company valuations may be outdated or severely and negatively impacted in a down economy
- Proprietary funds in the retirement plans (financial institutions)
- High levels of company stock holdings in retirement plans

### Other Exposures:

- The frequency of prohibited transaction fiduciary liability claims has increased. A prohibited transaction is a transaction between a plan and a disqualified person that is prohibited by law (example: furnishing goods, services, or facilities between a plan and a disqualified person).

### Regulatory-related issues:

– The continuation of the individual/family insurance coverage requirements of COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1985) are well-established but, in the face of more job terminations in an uncertain economy, employers may be more challenged in administering COBRA notifications. There has been a notable increase in class action litigation against employers seeking statutory and other penalties due to alleged violations of COBRA’s election notice requirements.

– In March, the U.S. Department of Labor’s Employment Benefits Security Administration announced it will not enforce recently published final rules on “financial factors in selecting plan investments,” arguing the rules created a perception that fiduciaries are at risk if they include any ESG factors in the evaluation of plan investments. This lack of certainty can create risk for plan fiduciaries.

– Temporary COVID-19-related financial support. The recent American Rescue Plan Act provided various levels of support, including subsidies for COBRA and for certain types of pension plans. Once this financial support wanes, greater uncertainty about the financial strength of these benefit plans will arise.

**Limits:** Insurers continue to manage capacity (e.g. by offering \$5 million in limits instead of \$10 million), which makes securing excess limits from additional insurers a necessity. Further, the pricing of excess fiduciary limits, which has been historically competitive, is firming as some typical excess fiduciary liability insurers are limiting new business considerations.

**Coverage:** In extreme cases, some insurers are looking to place “excessive fee litigation” exclusions across many classes of commercial businesses. We have seen some proposed limitations in coverage related to government-funding exposures.



## »» How USI Can Help

USI can assist clients by:

- Preparing them for new or expanded underwriting questions about service provider selection and comparison processes (401(k) and other financial service providers)
- Sharing risk management support made available by fiduciary liability insurers
- Working with them on appropriate governance controls, which can include the creation of Employee Retirement Income Security Act of 1974 (ERISA) / fiduciary advisory boards and regular updates to a plan sponsor's board of directors

## Crime/Fidelity Bonds

**Overall:** We anticipate premium increases that are up 5% to 25% with retentions/deductibles expected to increase (up 25% to 50%), particularly for employee dishonesty, computer transfer fraud, and any social engineering extensions. Getting full limits (or excess limits over sub-limits) for social engineering exposures will remain difficult.

**Industry Issues:** Cryptocurrency, casinos, and cannabis companies are the most challenging industries for crime coverage and may see increases in premium and deductibles above the norm.

### Interplay with Cyber:

- For the most part, any social engineering coverage secured under a cyber insurance program will be excess of any coverage provided under a crime/bond policy.
- Coverages for exposures like extortion, computer and funds transfer fraud, and destruction of data, are being underwritten very carefully by crime underwriters.

**Focus on Applications/Controls:** Insurers will continue to scrutinize main form and supplemental application details to thoroughly underwrite internal control and verification procedures used by insureds. They are doing this to protect assets from theft and social engineering/ accounts payable-type losses. Insurers will focus on accounts payable and verification of payment processes. Some insurers will incorporate exclusionary language in policies related to the failure to follow these controls. More

stringent underwriting of social engineering limits and additional questions will continue, especially if the insureds' answers create underwriting concerns.

**Limits:** Insurers may deploy limits more conservatively, capping limits offered. For example, reducing limits from \$10 million to \$5 million.

## »» How USI Can Help

USI can assist clients by:

- Preparing clients to share details sought by underwriters regarding transaction verification processes and procedures. Clients that highlight thoughtful risk practices for underwriters will differentiate their risk profile.
- Differentiating clients by industry. In the COVID-19 environment, risk controls implemented by companies that have staff working from home (professional services groups, as an example) differ from the specific controls maintained by employers whose staff works on location (such as construction companies).
- Addressing potential crossover with cyber insurance. USI can explain the differences and seek to manage coverage applicability across both policies. In the event of a reduction in limits overall, or a reduction for social engineering coverage, USI can secure additional limits in the excess market.

## Professional Liability/Errors & Omissions (E&O)

The market related to Professional Liability/E&O has hardened, not inclusive of medical malpractice.

- Most sectors are experiencing premium and/or retention increases between 15% to 60%, if "clean risks."
- M&A activity, professional services expansion, and/or claims activity increases this range to well over 100%, depending on additional underwriting factors.
- COVID-19 broad form exclusions are still being added in the E&O space

We are seeing a noted pullback overall in carrier willingness to "draw outside the lines" in miscellaneous professional, and very few exceptions are being made in the small, middle, and even upper-middle market.



**Non-Financial Institutions:** Law firms, mortgage processors, accountants, consultants, architects and engineers, project-specific construction and those performing any valuation-based service will continue to see a decrease in the number of primary and excess markets available for their E&O coverage. This is leading to premium increases of 15% up to 60%, along with increased retentions (up 25% to 150% year-over-year). E&O insurers are also examining limits offered at renewal. For example, a carrier previously offering \$15 million in limits may seek to reduce capacity to \$10 million. Ten million is now the maximum capacity being seen. Five million towers are becoming more common in upper-middle market and large account space.

Added exclusions for regulatory exposures, deeper underwriting processes (particularly the management of subcontractor and third-party consulting arrangements) and reviews of “professional services” definitions are all becoming more common. Some insurers are removing provisions related to “automatic additional insured when required by contract.” Supply chain questions and contractual requirements around provider agreements will likely be probed.

**Financial Institutions (FI):** Investment advisors, broker-dealers, deposit-taking institutions, and insurance companies continue to be scrutinized at renewal. Following the recent Archegos incident that left the stock market reeling in March and impacted at least three financial institutions, there will be limited primary markets for family office/trustee financial institution E&O. Most carriers will continue to revise underwriting questions, minimum premiums, and SIRs. Early into the new presidential administration, it appears that the prediction of increased regulatory oversight is correct. Combined with the unsettled post-COVID-19 insurance claims environment, FLE&O underwriters are facing uncertainties. This is driving up premiums and retentions.

In a hybrid office/home return-to-work model, there is an overall underwriting focus on how professional services firms are addressing deadlines and the continuity and quality of services performed. As a result, firms may face increased questions from underwriters related to potential or announced Reductions in Force (RIFs) and/or use of independent contractors and business process outsourcing.

## » How USI Can Help

USI can assist clients by:

- Providing clients with curated underwriting questions and helping to craft appropriate responses early in the process
- Tracking the most competitive insurers to better understand their underwriting appetites and willingness to address risks creatively
- Identifying and highlighting risk management differentiators
- Examining the scope of professional services, as many firms have modified and diversified their offerings
- Amend current coverages, as needed

## Transaction Liability - Representations & Warranties Insurance (RWI)

Since the fourth quarter of 2020, activity remains high with no discernable drop in M&A activity and/or representations and warranties submission levels.

**COVID-19 Pandemic:** COVID-19 remains an underwriting focus. Given the current state of vaccination levels and lower overall impact on businesses, underwriters have been less stringent with imposing exclusions. Where they do, they typically limit the exclusions to specific impacts (for example, loss of customers, reduction in accounts receivable collections, and infection rate among workforce members).

**Rates:** There is more divergence in rates, with some insurers lowering rates somewhat since the fourth quarter of 2020. Others have allowed them to gradually rise. Those charging rates in the upper ranges tend to be more established insurers with solid, frequently tested claims paying histories. In our assessment, the rate for a typical \$10 million limit policy now ranges between 3.2% and 3.8%, where in the fourth quarter of 2021, the band would be more tightly centered around 3.5%.

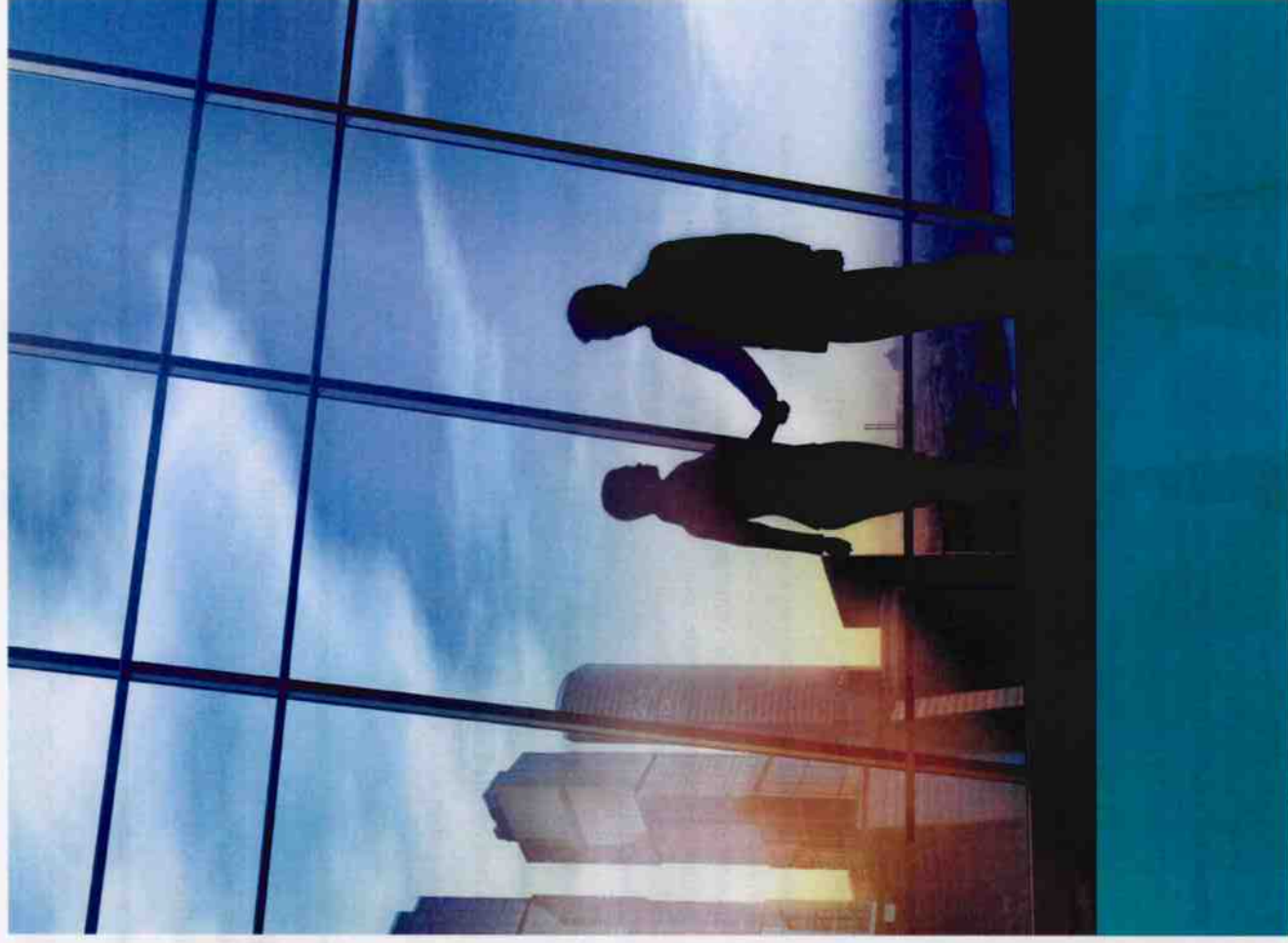
**Self-Insured Retention:** SIRs continue to hover around 1% of the enterprise value of the transaction, with most underwriters able to offer .9% for transactions with enterprise values (EVs) greater than \$150 million.

**Claim Activity:** Collectively, insurers continue to cite claim frequency in the 20% range (one in every five transactions), with most noting a trend toward higher claim severity.

## »» How USI Can Help:

USI can assist clients by:

- USI can leverage our extensive experience and capability in Transaction Liability to help our clients work through standard acquisitions and more challenging transactions involving distressed assets, heavy international exposures, and bankruptcy-related asset sales.
- Navigating the final underwriting phase can be challenging with underwriting questions, sometimes leading to proposed exclusions. USI's RWI expertise regularly helps in mitigating or eliminating these exclusions.
- The USI team is experienced in working with first-time buyers and transactions ranging from smaller EV to larger \$1 billion-plus EV transactions. We are well equipped to proactively help our clients work through the unique and often challenging procurement process for RWI.
- When brought into the front end of deal negotiation, USI can demystify the procurement process and shed light on pricing, underwriting requirements, policy terms, timing, and other expectations, paving the way for a "no surprises" experience.



## Cyber Insurance: All Packaged Policies That Include Cyber/Privacy Coverage Components

Between 2018 and 2021 an unprecedented number of cyber incidents have affected the insurance market, some of which included:

- SolarWinds Orion event
- Microsoft Exchange server hack
- A historical spike in ransomware attacks and network intrusions
- A four-year cyber reinsurance cycle

Given these events, the cyber market has gone from hardening to historically hard. Overall, insurers are managing the limits (capacity) they deploy, increasing SIRs, and underwriting more thoroughly with a laser focus on technical controls.

### Premium and SIR Changes:

- Primary Layers
  - +25% to +50%, with a complete submission and optimal ransomware controls and no material loss events
  - +50%, if losses and/or sub-optimal internal information security controls and processes are presented
- Excess Layers
  - +25% to 50%, no losses/complete submission and optimal ransomware controls
  - +50%, if losses and/or sub-optimal internal information security controls and processes are presented
- Minimum Sought
  - \$250 thousand to \$500 thousand-plus for middle market companies
  - \$1 million-plus or more for large companies

Insurers are more deeply evaluating the extent of cyber property coverage, with a particular focus on contingent cyber property coverage.

### Additional Underwriting Requirements:

- New cyber submission requirements. Insurers are focused on insured controls, which may be analyzed in a ransomware/extortion supplement, now widely required by cyber insurance carriers. Controls include:
  - Multifactor authentication (MFA) controls
  - Patch management cadence
  - Backup procedures
  - Encryption and separate from the networked environment
  - Vendor management IT controls
    - Including the reliance of IT and business process vendors
  - Presence and use of endpoint detection and response (EDR)
  - Regulatory expansion, both U.S. and internationally
- Insurers are consistently engaging the services of third-party vendors to perform noninvasive perimeter technical scans and alerting insureds. The goal is to proactively identify potential vulnerabilities that may create a potential breeding ground for a cyber event. Here, insurers are utilizing these services in an ad hoc fashion throughout the policy year to “check in” with insureds to assess their technical controls.
- Insurers are scrutinizing loss runs/loss information on applications, looking for:
  - Details of any event(s)
  - Costs incurred and paid
  - Remediation steps taken to prevent the reoccurrence of a similar loss/event

## IMPORTANT

A complete submission must include, at minimum, an appropriate application and ransomware/extortion supplement. Insurers are unlikely to quote a risk without a complete underwriting submission. Insureds with poor ransomware controls will likely experience higher premium increases, reduced deployed capacity, or higher SIR.



### Policy Wording Changes:

For ransomware controls and mitigation techniques, insurers typically classify a risk in any of these four categories:

- Best in Class
- Above Average
- Average
- Below Average

For average or below average categorization, insurers may insulate themselves by:

- Adding a ransomware exclusion
- Reducing limits/capacity and increasing the retention of relevant coverage sections for ransomware events
- Applying a form of coinsurance percentage for relevant coverage sections for ransomware events in response to the aggregate exposure potentially posed by the spike in network intrusions
- Evaluating any of the following:
  - Coinsurance for contingent (dependent) business interruption/extra expense
  - Increased waiting periods for cyber property coverage sections
  - “Specific Event” exclusions for events that can potentially impair multiple networks at once
  - Infrastructure exclusions
- Where included, reevaluating the underwriting and limits deployed for local cyber and cyber/E&O policies
- Insurers are aligning the underwriting of local cyber policies with the underwriting of master cyber policies

### Cyber Insurer Appetite Changes:

Organizations continue to experience spikes in the frequency and severity of ransomware events, causing significant losses for cyber insurers. While ransomware affects all industries, insurers are managing their exposures (reducing the deployed capacity or increasing the overall SIRs in certain hard-hit industry verticals, including:

- Municipalities
- Manufacturers
- Educational institutions
- Professional services firms (e.g., law firms)
- Public officials/entities
- Airlines
- Healthcare

### ▶▶ How USI Can Help:

USI takes these and other practical steps to help clients mitigate the effects of the hardened cyber market:

- Engages strategic resources, many exclusive to USI, aimed at evaluating and improving cyber hygiene and profile
- Leads a deliberate placement process, which shapes the conversation around client risk profiles
- Leverages customized terms experience and our expertise identifying viable cyber insurers
- Provides analytical input around questions of limits, claims impact, and cyber underwriting concerns



# INTERNATIONAL

## Product Line

## Mid-Year 2021 (YOY)

International Liability	Flat
International Property, CAT Exposure	Up 25%
International Property, Non-CAT Exposure	Flat

**Primary Foreign Casualty:** In the first quarter of 2021, we saw rates continue to increase. However, in the second quarter of 2021, rate increases have stabilized with minimal movement. Rates on guaranteed cost programs have remained flat on new business, and carriers are trying to obtain rate increases (usually around 3%) on renewals, due to decreased travel and sales exposures related to COVID-19. Attritional losses and high hazard risks continue pushing price increases. While primary international general liability remains flat, rates and minimum premiums continue to be the driving forces in the excess liability marketplace. As an example, Canada's umbrella market is imposing minimum premiums per million of limit that are up to three times the norm. Automobile coverage in the United Kingdom and Europe is also stabilizing, although carriers are being very selective as related to risk acceptance.

**Primary Foreign Property:** Carriers are requiring location-specific engineering reports and detailed construction occupancy, protection and exposure (COPE) information prior to offering quotations. Many carriers are now performing risk engineering surveys on foreign property for high hazard risks and locations over \$20 million insured values (in U.S. dollars). Historically, carriers had not pushed for engineering reports because of the cost involved, but they are now absorbing the cost so they can adequately document their underwriting rationale for risk acceptance.

Clients are more open to engaging loss control and third-party vendor valuations to present their risks in a better light

to underwriting carriers. By doing this, they are more likely to achieve favorable terms and appropriate property valuations.

### Impacts of COVID-19:

- Insurance carriers are now including communicable disease exclusions in their foreign casualty and property coverages. These exclusions apply to local policies in addition to master difference in conditions policies, and are not just being applied to certain classes of business, but are now standard in the policy forms. We have been successful in removing these exclusions in some cases.
- Carriers are still requiring insureds to provide documentation related to their COVID-19 mitigation strategy.
- In countries where workers' compensation is provided through a governmental social scheme, we have seen no change. The schemes continue to address sickness and death related to COVID-19, as they would any other infectious disease.
- Since travel is still somewhat restricted because of the pandemic, it has been difficult for clients renewing coverage to estimate their foreign travel exposure. There is some good news, however, in that insurers are still willing to make foreign package policies non-auditable.

## » How USI Can Help

USI facilitates its global risk assessment process for companies with decentralized multinational insurance programs. By moving to a centralized controlled master program, clients can achieve overall premium savings, have concurrency and consistency of coverage, eliminate coverage redundancy, and eliminate potential gaps in coverage.

We will also help clients to:

- Establish schedules and protocols for identifying and evaluating international exposures throughout the year
- Develop and establish processes to push standardized loss control and safety procedures across their organizations
- Understand changes in foreign local coverages, requirements, and laws related to insurance that could impact their ongoing operations
- Track international total cost of risk, which allows clients to manage their total cost of risk on a global and local basis by:
  - Identifying opportunities for risk consolidation
  - Eliminating insurance purchasing that does not meet their risk management philosophy
  - Removing duplicate coverage

*“In the first quarter of 2021, we saw rates continue to increase. However, in the second quarter of 2021, rate increases have stabilized with minimal movement.”*



## Product Line

Aviation

## Mid-Year 2021 (YOY)

Up 15% to 30%

### Rates Continue to Soar

The global aviation insurance market has experienced three years of shrinking capacity and hard market conditions. Along with business challenges caused by COVID-19, many aviation insurance buyers have weathered consecutive double-digit rate increases and have undergone higher levels of underwriting scrutiny. Major renewals in the first half of 2021 suggest that even though aviation carriers continue to push for increases, they are demonstrating more willingness to compete for new accounts as the rate curve slowly moderates. The anemic capacity levels experienced in 2019 and 2020 are stabilizing and there have not been any additional carrier exits since 2019, when close to a dozen companies across the globe stopped underwriting aviation coverage due to heavy underwriting losses, which prompted the rapid change of market conditions.

The hard market began after the global aviation insurance industry experienced an unprecedented and steady rate decline from 2006 to 2018. During this timeframe there was an overabundance of underwriting capacity and insurers were fiercely pursuing top line growth. In response, the insurance market decreased rates and maintained a liberal position regarding pilot requirements and supplementary coverages. In 2018, the prolonged soft market conditions caught up to aviation insurers and they struggled with significant claims activity and a premium base that was well below sustainable levels.

Already under immense pressure to restore their underwriting portfolios to profitability in 2020, COVID-19 dealt a major blow to the air transportation industry last year. Yet, the pandemic appears to have provided aviation insurance carriers with a slight tailwind by having reduced major and attritional losses — a change that resulted from idled aircraft and reduced flight activity across most major regions.

Although we are seeing more stability and predictability developing in the marketplace, aviation buyers are still facing an increasing market with high levels of underwriting scrutiny. The hard market conditions are likely to continue throughout 2021 and into 2022.

Here is a closer look at how some aviation categories are being affected by the current market challenges:

#### ■ Owner-Flown Aircraft

- Coverages are being reduced by the scarcity of higher liability limits
- Pilot training is being scrutinized more heavily and new training requirements are being required
- Pilot age is being closely scrutinized and older pilots may have trouble finding coverage
- Premium increases are in the double digits: between 25% to 50%

## ■ Charter Operations

- Extensive loss history could mean difficulty in finding 100% placement. In many cases, a layered program is needed
- Single pilot charter operations are under intense underwriting scrutiny and limits have been drastically reduced
- Large fleets with a history of attritional losses are facing 20% to 45% rate increases and the introduction of higher deductibles

## ■ Rotor Wing Aircraft

- This category has been especially hard hit, with rate increases of 50% to 150% and climbing, depending on loss history
- Large commercial rotor wing fleets require a vertical program structure in which multiple insurers participate

## ■ Manufacturers' Product Liability

- Potential rate increases of 10%+, depending on the critical nature of the product and limit needed

## ■ Airport and Municipality Coverage

- Potential rate increases of 20%+, with some supplementary coverages being reduced

## »» How USI Can Help

USI works closely with our aviation clients to develop a comprehensive risk management strategy tailored to their unique exposures and focused on mitigating their cost of risk. Processes include:

- Generating complete analytics to understand and quantify exposures
- Reviewing program options and retention opportunities
- Evaluating program limits and coverage needs
- Developing an extensive, comprehensive underwriting submission and loss

mitigation narrative highlighting training and safety protocols, risk control/claim management measures, and more to help demonstrate "best-in-class" status

- Researching markets and identifying carriers with whom clients can build strong relationships

USI's approach is especially valuable when purchasing or renewing coverage during challenging times like these, when companies may be pressured to accept the pricing, terms, and conditions imposed on them by restrictive carriers.

To achieve a favorable coverage outcome, USI suggests:

- Starting the renewal process as early as possible to allow time for your renewal to be fully marketed and to schedule virtual meetings with underwriters.
- Consulting with USI's National Aviation team, which can help guide the process by suggesting ways to improve submission integrity, accelerating timelines, and advocating on the client's behalf.
- Providing detailed information that will allow us to better understand your risk management situation and needs.
- Completing applications and questionnaires completely.
- Highlighting your focus on safety and pilot training protocols, especially training that goes above and beyond Federal Aviation Administration (FAA) requirements
- Being open to underwriter and loss control visits.
- Reviewing USI's STEER (Steer Through Epidemic & Economic Recovery) materials pertaining to COVID-19 and its impact on market conditions. These resources were prepared in conjunction with USI's aviation practice group and may be located on our [Public Health Emergencies](#) page.

***"Many aviation insurance buyers have weathered consecutive double-digit rate increases and have undergone higher levels of underwriting scrutiny."***



## Product Line

## Mid-Year 2021 (YOY)

Environmental Combined General Liability/Pollution	5% to 15%
Excess Combined General Liability/Pollution	15% to 25%
Environmental Contractors' Pollution	10% reduction to flat
Environmental Pollution Legal Liability	Flat to inflationary increases

**Big market news:** after writing environmental insurance for more than 30 years, Zurich Environmental is no longer renewing some pollution insurance policies in the U.S., citing profitability concerns. There have been new entrants in the space, such as the recent addition of Hamilton Insurance Group and SCOR Channel (Lloyds). But to continue having good overall capacity and competition, there may be some capacity restrictions on tougher risks, such as on the energy sector. As of now, the question is whether the marketplace will tighten its underwriting standards further and increase pricing, since both AIG, which stopped underwriting new policies several years ago, and Zurich could not make this line profitable.

In other updates, we continue to see rate increases in professional liability for construction and environmental contractors, with rates ranging between 10% to 15% higher on renewal.

We are also seeing an increase in perfluoroalkyl and polyfluoroalkyl substances (PFAS) claims in different states (including NJ, NY, MA, NH, VT, MI, and CA), for airports, landfills, wastewater treatment and industrial sites with PFAS exposures. State regulators are issuing many requests for information to determine potential responsible parties for PFAS contamination in groundwater. The question is whether these requests for information will trigger the "duty to defend" clause on pollution policies, assuming no PFAS exclusion exists.

## General Overview

The upward trend of environmental claim severity and frequency continues in 2021. Over the past decade, the environmental marketplace has expanded significantly to include over 50 insurers in the space. This has led to significant competition and more customized solutions, all with a much better risk-trade for buyers. While there was a pause last year on new entrants to the market, new entrants (such as Hamilton) are being seen this year. Some insurers are being more cautious about how much capacity they will deploy on a risk.

Specific to COVID-19, we are seeing insurers reduce or eliminate virus coverage from their policies, if they were providing any virus coverage at all. Insurers have also developed varying exclusions, either broadly with respect to viruses or specific to COVID-19. If any level of virus coverage is still being offered, it is usually with small sub-limits of \$1 million or less and is specific to disinfection and cleanup, with no coverage for business interruption or toxic tort liability. If there are mid-term changes to a policy, such as related to an acquisition, insurers may take the opportunity to apply new virus or COVID-19 rules or coverage restrictions on the added entity or covered locations.

## Other Emerging Risks

The industry is also responding to these emerging risks:

- More companies are seeking product-pollution liability coverage as the result of additional toxic tort litigation around products that are toxic to humans or the environment. This is an area for growth in the marketplace, either as a standalone solution or combined on a site policy or blended with a general liability policy.
- Environmental insurers have been watching the uptick of climate change risk and ongoing litigation, with some exiting the market for industries that are primarily involved in coal, or whose revenue is primarily derived from coal. This will make finding environmental solutions for the coal industry even more challenging in an already limited marketplace.

Perhaps when the pandemic settles, environmental insurers will develop some viable new solutions and innovations in mergers and acquisitions, cost cap policies, climate change, and coverage for future pandemics.

### The Market Today

- Highly competitive
- 50+ Insurers

### Market Capacity

- Over \$700 million. Stable, with some potential restriction in capacity per deal per insurer. In tougher risks, more excess insurers may be needed to achieve desired capacity.

### Overall Marketplace Trends

- **Expansion of Coverage:** more markets offering some broader coverage enhancements to capture greater market share, such as first-party “diminution in value.” For “defense outside of limit,” either at a defined limit or in some cases on a contractors’ pollution policy, insurers may provide unlimited defense coverage. A new cost cap policy has been re-introduced for cleanup projects exceeding \$5 million.

- **Transactional Risks:** 10-year term policies for historical pollution legal liability are still available from a short list of insurers.

- **Higher Hazard Risks:** such as energy, mining, petrochemical, power and utility firms, and fuel hydrant systems (including airports), may find only short policy terms of one- to two-years.

- **Other Claims:** typical claims related to mold, legionella, dry cleaning solvents, and petroleum continue.

## How USI Can Help

USI assists its environmental clients by:

- Creating an environmental profile to identify exposures associated with operations, helping to quantify and qualify the impact on the organization to determine appropriate risk management and insurance solutions
- Developing formal and customized risk maps to identify the frequency and severity of fines and penalties for noncompliance, spill events, known and unknown remediation, and toxic tort liability
- Developing sophisticated risk model platforms for significant liabilities, using Monte Carlo analytics to look at a range of probabilities and forecast potential liabilities over a long horizon
- Providing updated COVID-19 pandemic information and materials on our [Public Health Emergencies](#) page



# INDUSTRY UPDATES



# MANUFACTURING & DISTRIBUTION

The manufacturing and distribution market continues to perform in line with the projections noted throughout this report. These additional trends are worthy of mention:

## Supply Chain

During the first half of 2021, the supply chain for manufacturers and distributors has been impaired due to the ongoing COVID-19 pandemic and these other recent events: the Suez Canal blockage, the Colonial Pipeline hack, the winter storms that placed Texas in a deep freeze, the microchip shortage, driver labor shortages, and other events that have slowed businesses in their recovery toward pre-pandemic levels. The supply chain may be further distressed by the 2021 hurricane season if it is as active as predicted. Until the supply chain improves, any additional event, even if slight, may have a ripple effect.

## Cargo/Stock Throughput

As the result of catastrophic losses, adverse loss development and poor underwriting results, the cargo market, specifically stock throughput (STP), has been largely unprofitable for the past several years and has gone through a substantial market correction. Market conditions continue to be affected by significant supply chain losses.

This situation follows several syndicates exiting the marine market, with others taking corrective action to restore the profitability of their books by implementing higher deductibles and rate increases, as well as by restricting certain classes of business and coverage terms. As the U.S. and London markets remain focused on improving underwriting results, we continue to see rising rates and restrictions around terms and limits for tougher classes of business, including soft commodities, temperature-sensitive products, and liquor distilleries.

There is reason for optimism as rate adequacy has somewhat returned, but this optimism is guarded because an active 2021 hurricane season would further stall market improvement.

## Trade Credit Risk

The global trade credit risk market is poised for significant growth over the next several years. This growth is largely fueled by concerns about several risks, including the non-payment of goods and services resulting from COVID-19, and supply chain fallout. From a rate perspective, this line was stable and soft for many years, but this is no longer the case. Capacity has been tightening, and many insurers have been reducing their exposure (limits) on certain risks and classes of business. We expect this trend to continue through 2021.

## Product Recall

Product recall is still performing well through the hard market cycle and COVID-19 pandemic. While there has been a slight retraction in capacity from individual markets, there is ample aggregate capacity within the marketplace. Although this situation warrants attention, the concern is not presently significant.

Food-related product recalls are expected to increase in the future as food safety and consumer protection regulations continue.

*"There is reason for optimism as rate adequacy has somewhat returned, but this optimism is guarded because an active 2021 hurricane season would further stall market improvement."*





## How USI Can Help

In guiding clients toward achieving favorable coverage outcomes, USI recommends taking the following steps:

- Begin the renewal process at least 150 days prior to inception. Complete a loss analysis early to assess the impact of program structure, retention, and risk mitigation efforts. This establishes your “ask” of the market, allowing for early indications from incumbents and understanding of your options around limits, retentions, coverage, and price.
- Work with your broker to evaluate all market options in the U.S. and London. Focus on risk appetite and industry.
- Clearly identify and differentiate each risk to the marketplace, reinforcing risk quality and mitigation efforts. This step is imperative and includes evaluating domestic and international supply chain exposures as well as any continuity/contingent plans.
- Review and consider retention strategies for premium impact.



# REAL ESTATE

Real estate renewals are in line with the projections noted in this report for each line of coverage.

## Insurance Capacity

Property, liability, and excess liability capacity remains readily available for real estate clients. The cost of excess liability coverage continues to rise due to increased settlements across the country. Carriers will continue to be selective with their capacity, with the goal of generating an underwriting profit. Accessing capacity using a well-thought-out plan can lead to a better renewal outcome.

## Pandemic Effects

The real estate industry faces potential challenges related to the pandemic's lingering effects — challenges that could have insurance implications and should be assessed. If applicable, property owners and managers should evaluate these challenges and, where appropriate, communicate their plan of action to carriers:

- Occupancy levels and impact to insurance coverage
- Exposures to contractual liability and construction risks via the repurposing of buildings
- Liability and property damage related to the lifting of eviction moratoriums

- Potential for continued civil unrest and emergency response planning
- Criminal activity leading to large liability claim settlements

By making these and other challenges part of the renewal discussion, property owners and managers will work more efficiently with their insurers.

## How USI Can Help

To achieve a more favorable coverage outcome, we advise our real estate clients to:

- Discuss their 2021-2022 business blueprint and capital expenditure plans with their carriers
- Engage risk control to review any major building modification designs and how these designs may relate to their property and liability insurance
- Work with their client service team to re-evaluate contractual risk transfer and alignment with their insurance coverage
- Review non-traditional insurance risk transfer opportunities



# HEALTHCARE

The availability of risk transfer capacity for healthcare clients is stable, however, most underwriters are more selective about accepting a "risk." Carriers are reducing their exposure to large losses due to social inflation by offering lower limits of liability.

The pricing of risk transfer for healthcare clients continues last year's upward trend and likely will continue for the foreseeable future, throughout the response to the COVID-19 pandemic. During the remainder of the year, we expect rate increases to range from 10% to 35% for professional liability renewals.

## How USI Can Help

USI supports our clients through the sales and renewal processes by taking these and other important steps:

- Advocating on behalf of the client
- Reinforcing when infectious disease exposure has taken place, or is presumed to have taken place, within the scope of employment so that workers' compensation coverage will apply
- Working with the client to ensure all workers' compensation claims are reported as soon as practicable, and that nurse case management is utilized as quickly as possible to reduce indemnity and medical expense
- Ensuring that the employer's liability limit is adequate for the exposure and any claims are assigned to an adjuster with employer's liability experience

*"During the remainder of the year, we expect rate increases to range from 10% to 35% for professional liability renewals."*

# CONSTRUCTION

As the second quarter of 2021 began, many contractors in the U.S. were optimistic about construction returning to pre-pandemic levels. With the anticipation of a federal infrastructure bill as well as stronger consumer confidence, the construction industry is poised to have a boost in both public and private sectors for the rest of 2021 and into 2022. A recent *Architectural Billings Index* from the American Institute of Architects (AIA) and *Construction Confidence Index* from Associated Builders and Contractors, which track backlog and measure **confidence** in sales, profit and staffing level expectations for the next six months, point toward positive momentum and continued recovery for construction.

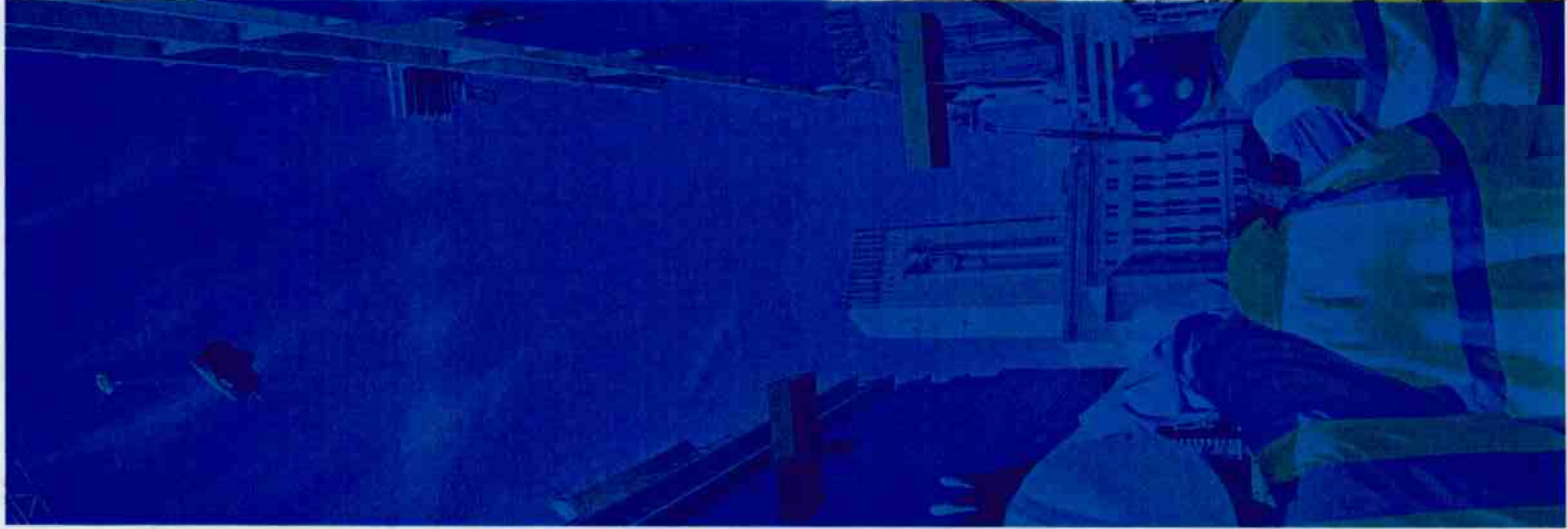
Although the outlook is positive, there are some challenges that may take this growth trajectory sideways. Continued hiccups in the global supply chain are substantially increasing material prices for critical path components like lumber and steel. Coupled with extended delivery times and scarce labor, owners may question whether it is the right time to get their projects back on track. Because of this, economists like Ken Simonson, Chief Economist for Associated General Contractors of America, are not confident there will be significant growth before 2022.

Additionally, according to BaseRock Partners' *Engineering & Construction Market Outlook (Q2 2021)*, residential construction is outpacing non-residential construction in all geographies because of the low-interest-rate environment, demographic shifts toward suburban/rural environments, and general COVID-19-driven demand for improved housing. This is creating new entrants to the residential sector — contractors who historically focused solely on commercial projects. Residential construction poses different and more challenging risk exposures, especially in litigious states, which may affect the ability to adequately secure insurance **coverage**.

As we continue to maneuver through **work-from-home**, hybrid and on-site work, the reliance and adoption of technology across the construction industry has increased, **exposing companies** to greater risk of cyber threats. Finally, as COVID-19 vaccines are rolled out across the country, construction firms will face decisions on whether to require vaccinations for their workforce.

*“Although we have a positive outlook going into the second quarter of 2021, some challenges may take this growth trajectory sideways.”*

”





# COVERAGE AREA UPDATES

## Builder's Risk

Project delays requiring extensions have become increasingly difficult, as driven by reinsurance capacity and treaties. Requirements for water and fire mitigation technologies as well as site security are becoming mainstream, even for non-combustible projects. Market support and capacity for frame remains volatile, especially for larger frame projects located in urban environments or cities that saw an increase in social unrest.

## General Liability

As contractors are looking at different ways to finance their risk, alternative program structures are emerging and bringing new entrants into the loss-sensitive arena. This will give greater options to clients whose carriers lack the appetite for this type of structure. Some carriers are offering group captive options as an innovative way to retain their current clients, and some primary casualty carrier partners are looking at higher limits to help alleviate pricing pressure in the lead umbrella market.

## Umbrella/Excess

This continues to be the single most impacted line of business for a construction account outside of frame builder's risk. Although there has been no significant legal reform to date, it is noteworthy because losses due to social inflation, third-party litigation financing, nuclear judgements, and distracted driving continue to deteriorate and cause profitability issues for insurance carriers.

## Owner-/Contractor-Controlled Insurance Programs (OCIPs/CCIPs)

Much like the project extensions mentioned previously for builder's risk coverage, projects insured under an owner- or contractor-controlled insurance program are beginning to see challenges with extensions, especially for project sponsors who have had some losses. The transitioning market is causing contractor and subcontractor insurance costs to increase, motivating them to change their buying behavior. The opportunity to secure coverage for a multiyear period at a fixed financial structure may be an attractive option for the right project and sponsor.

## Environmental

The market is starting to show signs of hardening, with an uptick of markets tightening terms and conditions and imposing lower limits with higher deductibles on some risks. Claims associated with perfluoroalkyl and polyfluoroalkyl substances (PFAs) and indoor air-quality exposures (related to mold and Legionella bacteria) are driving insurers to greater underwriting scrutiny. Opportunities from infrastructure and energy policies will create continued demand. Other than some markets exiting the site pollution marketplace, environmental capacity remains strong.

## How USI Can Help

USI's construction risk advisers employ a proactive, project-management-like approach. This approach integrates claims, risk control and analytics to create a risk management program that maximizes cash flow and allows for aggressive bidding strategies, while simultaneously protecting your most precious asset: your people.

USI's construction team recommends taking the following steps when considering second-quarter 2021 renewals and those thereafter:

- Renewals should be considered year-round, not just during the 180-day period prior to the renewal date. By establishing a 365-day renewal cycle, companies will have a greater opportunity to explore the right financial structure and market alternatives well in advance. This will also allow more time to address needs and alleviate concerns that may materialize as the renewal date nears.
- Communicate operational goals and changes throughout the year with your broker and insurance/surety partners. "Early and often" should be adopted as a communication strategy.
- Assess your internal controls and operational procedures on a regular basis. Turbulent times are creating more challenges internally and externally, making it critical to stay abreast of changes, such as with employees, supply chains and risk exposures. Proactively assess changes in your risk profile.
- Explore the uses and adoption of technology applications as part of your company's overall culture and operational goals.
- Work with USI's construction team to explore creative or alternative ways to structure the most appropriate insurance program for your company; consider the variety of risk financing opportunities available and be open to new methods of transferring, mitigating, or managing risk.



# PUBLIC ENTITY/HIGHER EDUCATION

The public entity/higher education insurance marketplace is performing in line with the projections noted throughout this report. The lines of coverage most severely affected include:

- Property lines in catastrophe-prone areas (wind, hail and earthquake events)
- Casualty lines, including excess and umbrella limits, cyber coverage, public officials' liability and, more recently, law enforcement liability

## Cyber Security

Since the publication of our previous report, cyber coverage has changed significantly. Events such as the SolarWinds hack of early 2020 and the recent Colonial Pipeline cyberattack have alarmed underwriters. To say underwriters have greatly increased their scrutiny of risks is an understatement. We cannot overstate the importance of securing renewal information in short order so the risk can be effectively marketed upon renewal.

In this challenging market, we are facing headwinds that can only be managed by top-notch controls. Pricing is likely to double at minimum, and retentions will increase. Several markets are significantly reducing capacity or exiting the public entity business entirely and are imposing up to 50% coinsurance on contingent business interruption to limit their risk.

Cyber hygiene and the use of multifactor authentication (MFA) have become the bare minimum safety features needed to maintain a competitive program in terms of price and coverage. Public entities and universities should ensure that their policies will be responsive to business interruption in the event of a ransomware attack or the infiltration of their

network through any remote work systems implemented to accommodate workers and students.

## COVID-19 Pandemic

Developments since our previous update include:

- Underwriters are imposing communicable disease exclusions upon renewal. Therefore, public entities and universities should start the renewal process early and provide carriers with information on all protections they implemented in response to COVID-19, which will be helpful in negotiating and/or limiting exclusions.
- While remote work may be more efficient in some cases, it may increase ergonomic and cyber exposures for public entities and universities. For these reasons, it is important to develop an adequate communication plan across all departments and have a comprehensive business continuity plan in place.
- Insurance carriers have no interest in providing business interruption coverage for COVID-19-related events. Some public entities and universities are continuing in their efforts to lobby federal and state governments to cover these claims retroactively. To date, it does not appear that any of these efforts have had significant momentum.

## Continuation of the Hard Market

Current hard market conditions have been compounded by the exit of some public entity insurers in Texas, Oklahoma, and Kansas due to recent windstorm and hail events. The remaining insurers are experiencing additional pressure as extreme weather and other events occur more frequently, including coastal flooding, riots, and strikes and civil commotion.

## Other Examples of the Hard Market

- Property programs continue to experience rate increases in the double digits, higher deductibles, and limitations on flood, wind, hail and earthquake coverage.
- Available umbrella capacity is dramatically decreasing across the board coupled with more restrictive terms, particularly for public transit authorities, large fleets and municipal buses. Fifty-percent capacity reductions and 20% to 50% rate-on-line increases are the norm.
- Higher education clients are seeing capacity reductions in available Traumatic Brain Injury (TBI) and Sexual Abuse and Molestation (SAM) limits. It is not uncommon to see premium increases above 20%, and we are also seeing reduced limits in the primary liability and excess lines of business. Insurance carrier participation is also shrinking due to lack of appetite and market constriction.
  - An emerging concern that should be watched carefully relates to insurers that are restricting SAM coverage limits to a single limit for one perpetrator, to avoid the stacking of limits over consecutive policy terms.
- Events in the news about police reform and policing practices have placed pressure on **underwriters**, who are concerned about the erosion of qualified immunity. As a result, premiums and retentions are likely to rise quickly. Insurance carriers will require more detailed underwriting information to provide bindable terms and conditions.
- Continued civil unrest could create blurry lines between civil commotion and terrorism allegations, leading to denied claims and coverage disputes. Higher retentions for riots and civil commotion perils are becoming the norm.

## How USI Can Help

- USI's Cyber Risk Management team can help businesses learn more about their cyber risks and how to mitigate them as the COVID-19 work-from-home environment continues. USI can perform a cyber policy review to ensure current coverage updates are included in an organization's program. We also use our eRiskHub and other risk management tools to help clients navigate cyber exposures and claims.

- USI's Public Health Emergencies site provides information and resources to help organizations in their COVID-19 response efforts.
- USI's TerrorSafe Plus suite of products, administered by our U.S. Risk group, offers broad coverage options for Strike, Riot and Civil Commotion (SRCC), in addition to the benefits and features of the original TerrorSafe program. SRCC, which provides coverage against direct physical loss or physical damage caused to a property, is available as a stand-alone policy or by endorsement to USI's Sabotage & Terrorism or Active Response policies.

### USI assists public entities and universities by:

- Using catastrophic property modeling to help them identify the appropriate amount of wind, flood and earthquake coverage
  - It is vital to ensure that construction occupancy protection exposure (COPE) data is detailed and accurate
- Evaluating all options in the U.S. and London markets, focusing on risk appetite and industry
- Preparing a comprehensive market submission with the intention of highlighting a strong/improving safety culture and risk management approach
- Developing analytics around various risk financing opportunities, which can lead to improved decision-making and better outcomes
- Reminding clients to start the renewal process 180 to 150 days prior to inception, to encourage an early response from incumbent markets regarding their options (e.g., limits, retention, coverage, and price)



# AGRICULTURE

During 2020, excess supply, reduced demand, limited availability of personnel, and severe weather constricted profitability for businesses across the nation. Coverage lines will cost more for consumers in 2021 and the agriculture industry is no exception.

**Property:** Catastrophic (CAT) losses taxed the insurance industry with the agriculture sector among the hardest hit. Severe weather has diminished carriers' profitability for agribusinesses and forced them to take a hard look at property rates. In addition, reduced demand for many agricultural commodities has left businesses sitting on increased inventory, stressing the current storage capacities of the sector, and increasing insurance costs. Pandemic restrictions have also increased the cost of building materials and labor, thus inflating the cost for new construction and repairs as the agribusiness industry struggles to meet storage needs. Although current market predictions are for 10% to 15% increases on property, many agribusinesses in the hardest hit areas will see even more substantial rate activity.

**General Liability:** Counteracting sluggish revenues, agribusinesses sought new product distribution channels and enhanced service offerings during the first half of this year. This has created a shifting risk profile for many in the industry. A proactive loss control approach will be necessary to allow for favorable positioning in the renewal process.

**Product Liability and Product Recall:** An influx of claims activity has taxed the marketplace and forced carriers to reduce capacity and increase rates, with 2021 renewals expecting to see a 20% to 25% uptick. Within the agribusiness sector, we continue to see the most claims activity in product

recalls due to allergens and product liability claims related to crop application services.

**Directors & Officers (D&O) Liability:** Product liability and recall, employment practices liability, and employer's liability claims have put stress on this coverage line as well. Increased claims activity will push rates up a predicted 10% to 15%.

**Umbrella/Excess Liability:** The most significant of coverage lines, umbrella/excess liability, continues to encounter the greatest difficulty. Increased claims activity (both frequency and severity) and large settlements not only continue to increase rates an estimated 20% to 25%, but also affect capacity limitations for many in the agriculture industry.

## Cyber Liability

The agriculture industry has also been impacted by the hardening cyber market. Three key factors are leading the influx of cyber claims within the sector:

1. The shift towards "precision agriculture"
2. The industry's traditional focus on performance and safety rather than cyber security
3. The industry's reliance on an extended supply chain (thus making it more difficult to secure)

These factors have made the agriculture industry a growing target for cybercriminals. When combined with the overall hardening of the cyber market, these factors have pushed cyber liability prices up 20% to 50%.



## How USI Can Help

Not only have carriers seen an increase in claims activity, but also in the costs of those claims. Pandemic restrictions have made investigating, settling, and closing claims much more costly. This will continue to put pressure on the market, driving up rates and shrinking capacity in the coming months.

As a result, it will be more important than ever to work closely with your USI consultant to evaluate, understand and communicate effectively to insurance carriers and underwriters your organization's specific exposures and loss control efforts. By doing so mid-term or well in advance of renewal, you will be more likely to achieve positive results in a challenging market.



# LIFE SCIENCES

In the first two quarters of 2021, the life sciences market continued to perform better than the overall insurance market, with certain coverages experiencing premium reductions. Insurance companies view life science companies as desirable risks because they operate in a highly regulated Federal Drug Administration (FDA) environment, which is why insurers have introduced or expanded their underwriting appetite. This is especially true for product liability and traditional “package” policies, while other lines, such as D&O and cyber, experience rate increases on the upper end of USI’s rate guidance.

A few trends are worth noting:

## Product Liability

Renewal rates remain stable, with declines of more than 10% for the larger life science companies when competition is brought into the renewal process. There is competition for both the primary layer and excess layers, with ample capacity available in the domestic market. We are also seeing a handful of aggressive London syndicates.

Capacity trends are worth watching. Some insurers have started to reduce their limit offerings — such as from \$20 million to \$10 million, or \$10 million to \$5 million. However, there is ample capacity available today for life science companies to adequately complete coverage towers without impacting premiums. It is possible that this will result in higher premiums down the road, similar to what has been experienced in the broader casualty marketplace outside of life sciences.

Specific to litigation, a new phenomenon may be emerging because of the rapid industry response to vaccine development and other COVID-19 therapies: injuries in the courtroom may be more sympathetic to life science companies. Plaintiff’s lawyers may be focusing on other classes of business, looking for the next big multi-plaintiff litigation event. It is too early to suggest there is evidence to support this as a “trend,” but USI will be keeping a close eye on developments.

## Supply Chain

The supply chain continues to grow more complex and global. Insurers offer various forms of coverage globally for known and unknown risks through contingent business interruption limits, as well as for inventory at third-party locations. Traditionally, underwriters required less data of these locations, unless limits greater than \$5 million were requested.

That trend is clearly changing, and life science companies are expected to gather traditional building data on their key suppliers and vendors to obtain coverage. A fire last December at the Taiwan-based XuFu Pharmaceutical Factory, owned by SCI Pharmtech Inc., accelerated this trend because of the damage at the facility and the fire’s spread to adjacent factories.

India is instrumental to global supply of pharmaceutical products and active pharmaceutical ingredients (API). As such, the catastrophic surge in COVID-19 cases that India experienced this spring could impact global supply of critical therapies. We are seeing more companies establish FDA-approved back-up manufacturing capacity for the more valuable products in their portfolios, although this may not

always be practical or economical for smaller companies. A few insurers are creatively offering a small sublimit for “delays,” but not nearly enough to cover the true exposure.

## Contract Manufacturing

Consumer confidence in the manufacturing process remains the most important goal of the industry and can be accomplished through strict adherence to FDA quality control regulations. Companies large and small rely on contract development and manufacturing organizations (CDMOs) to produce products, and expect those CDMOs to operate to their standards. Unfortunately, given the intense pressure on profitability, these companies may cut corners to meet their contractual obligations and production goals.

We are seeing this play out in the COVID-19 vaccine marketplace. Johnson & Johnson’s COVID-19 vaccine CDMO partner experienced a series of issues this April in its **Baltimore, Maryland, facility**. After these issues resulted in the destruction of 15 million doses of the Johnson & Johnson vaccine, consumer confidence in COVID-19 vaccines eroded.

As related to the use of CDMOs, these factors should be considered:

- Contract review for insurance and indemnification provisions is essential, inclusive of requiring CDMOs to contain credible professional liability limits in line with product liability limits.
- Consideration of non-direct damage business interruption (NDDBI) should be explored. While it was once very expensive compared to product liability, the cost for NDDBI coverage has fallen significantly in the last few years. Whereas traditional business interruption requires an element of obvious property damage,

NDDBI can cover the loss of profits and associated expenses from a regulatory disruption or contamination event.

## How USI Can Help

USI suggests taking the following steps to encourage a favorable coverage outcome:

- Begin the renewal process 150 days prior to inception.
- Work with your broker to evaluate all market options, focusing on risk appetite and product mix.
- Assess U.S. and London markets, and be open to multiple insurers on your program as opposed to one insurer offering all coverages in a “package” format.
- It is imperative that each risk be clearly identified and differentiated to the marketplace, reinforcing risk quality and mitigation efforts. It is critical to have data on facility characteristics, safety programs, and global supply chain exposures when marketing.
- Delineate the product liability risk profile (high, medium, low) to help underwriters understand therapeutic class and specific product risk factors.
- Review contracts carefully to determine risk transfer/assumption language that impacts the revenue exposure base associated with product liability premium rating.
- Assess all clinical trial activity to determine which studies have been impacted either in a delayed start, longer duration, or reduced patient population.



## How Can We Help?

To help clients navigate these challenging times, USI has implemented a STEER (Steer Through Epidemic & Economic Recovery) Task Force. This cross-functional team is working to provide timely COVID-19 information, understand cross-industry and geography impact and evolving responses, and to develop and deliver tailored solutions to help clients steer through this epidemic challenge and economic recovery. For additional resources, tools, information and links, please visit our COVID-19 resource page [www.usi.com/public-health-emergencies](http://www.usi.com/public-health-emergencies).



Steer Through Epidemic & Economic Recovery

## Memorandum

**To:** Paul Brean, Executive Director *lab*  
**From:** Sandra McDonough, Airport Community Liaison *sm*  
**Date:** 8/5/2021  
**Subj:** Noise Report for June, 2021

---

Portsmouth International Airport at Pease received eight noise inquiries in June, 2021. Seven of the inquiries were pertaining to fixed wing aircraft and one inquiry was pertaining to a rotor wing aircraft.

The fixed wing inquiries originated from Newmarket and Barrington. Six of the seven inquiries were from a resident in Newmarket on the **Newmarket/Durham** town line concerning aircraft flying low and “targeting” their home on June 22<sup>nd</sup> and June 24<sup>th</sup>. Runway 16 was in use almost every time they had a concern. A message was left on their voicemail to explain the situation, but I did not receive a call back. The last fixed wing inquiry was from a Barrington resident on June 24<sup>th</sup> about two military aircraft flying so low that they were frightened. Pease did not have any military activity at that time so I was unable to locate where the aircraft originated.

The rotor-wing aircraft inquiry was on June 16<sup>th</sup> from a Portsmouth resident who lives adjacent to the south east end of the airfield. Since the aircraft did not take on fuel I was unable to determine the type and registration of this aircraft.

All inquiries are reviewed and logged in the airport database. Individual inquiries are researched and followed up on with phone calls where appropriate. Certain callers have indicated that call backs are unnecessary.

## Memorandum

**To:** Paul Brean, Executive Director *Paul*  
**From:** Sandra McDonough, Airport Community Liaison *sm*  
**Date:** 8/5/2021  
**Subj:** Noise Report for July, 2021

---

Portsmouth International Airport at Pease received three noise inquiries in July, 2021. Two of the inquiries were pertaining to fixed wing aircraft and the third inquiry was pertaining to a rotor wing aircraft.

The fixed wing inquiries originated from Newington and Newmarket, New Hampshire. The Newington resident called on July 6<sup>th</sup> concerning a non-based T-38 training aircraft that departed Runway 34 and frightened workers who were working on the resident's roof. I was able to track down the military base where the pilot was based and spoke to his supervisor. The pilot was asked what he could have done differently to avoid any noise issues. Also, a copy of Portsmouth's Voluntary Noise Procedures was sent to his superior officer and he informed me all of their pilots will be briefed on them to help combat any future noise complaints. The Newmarket resident's concern was about a continuous noise around 2:30 AM on July 18<sup>th</sup>. At that time the on-duty Airport Operations Specialist informed the caller there was a non-based, military KC-135 tanker running at idle for 30 minutes before it could depart Runway 16.

The rotor-wing aircraft inquiry was on July 6<sup>th</sup> from a Portsmouth resident who lives adjacent to the south east end of the airfield. The helicopter arrived and departed to the south east putting the Helicopter over the neighborhood. The helicopter is owned and operated by Lifeflight of Maine, LLC and stopped at Pease for fuel before returning to Portland. I have contacted the company and they will be reviewing our Voluntary Noise Procedures with their pilots.

All inquiries are reviewed and logged in the airport database. Individual inquiries are researched and followed up on with phone calls where appropriate. Certain callers have indicated that call backs are unnecessary.

**MOTION**

Director Fournier:

The Pease Development Authority (“PDA”) Board of Directors approves of and authorizes the Executive Director to:

1. Expend funds in the amount of **\$14,081.00** for legal services rendered to the Pease Development Authority from:

**Sheehan Phinney Bass & Green**

May 1, 2021 – May 31, 2021 (for Tradeport General Representation)	\$ 232.00
May 1, 2021 – May 31, 2021 (in support of MS4 and CLF settlement implementation)	\$ 6,322.00
May 1, 2021 – May 31, 2021 (in support of Ports and Harbors)	\$ 1,691.00
June 1, 2021 – June 30, 2021 (in support of MS4 and CLF settlement implementation)	\$ 4,408.00
June 1, 2021 – June 30, 2021 (in support of Ports and Harbors)	<u>\$ 1,428.00</u>

**TOTAL:** **\$14,081.00**



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

SERVICE AND EXPENSE MAILBACK SUMMARY

RE: Trade Port - General Representation  
-----

CLIENT/CASE NO. 14713-10167  
BILLING ATTORNEY:Lynn J. Preston  
Invoice Number: 362011

TOTAL FOR PROFESSIONAL SERVICES RENDERED:	\$232.00
TOTAL EXPENSES:	\$0.00
	-----
TOTAL THIS BILL:	\$232.00
	-----
PREVIOUS BALANCE:	\$3,944.00
	-----
TOTAL BALANCE DUE:	\$4,176.00
	-----

PAYMENT DUE 30 DAYS FROM INVOICE DATE

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

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

To pay by CREDIT CARD, please visit [www.sheehan.com](http://www.sheehan.com), scroll to the bottom and click " ClientPay " or contact our office directly.

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

SERVICE AND EXPENSE MAILBACK SUMMARY

RE: Permit Implementation

-----  
CLIENT/CASE NO. 14713-19658  
BILLING ATTORNEY:Lynn J. Preston  
Invoice Number: 362013

TOTAL FOR PROFESSIONAL SERVICES RENDERED:	\$6,322.00
TOTAL EXPENSES:	\$0.00
	-----
TOTAL THIS BILL:	\$6,322.00
	-----
PREVIOUS BALANCE:	\$7,888.00
	-----
TOTAL BALANCE DUE:	\$14,210.00
	-----

PAYMENT DUE 30 DAYS FROM INVOICE DATE

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

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

To pay by CREDIT CARD, please visit [www.sheehan.com](http://www.sheehan.com), scroll to the bottom and click " ClientPay " or contact our office directly.

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

SERVICE AND EXPENSE MAILBACK SUMMARY

RE: Division of Ports & Harbors

-----  
CLIENT/CASE NO. 14713-9621  
BILLING ATTORNEY:Lynn J. Preston

TOTAL FOR PROFESSIONAL SERVICES RENDERED: \$1,691.00

TOTAL EXPENSES: \$0.00

-----  
TOTAL THIS BILL: \$1,691.00

BALANCE DUE: \$1,691.00

-----  
PAYMENT DUE 30 DAYS FROM INVOICE DATE

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

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

To pay by CREDIT CARD, please visit [www.sheehan.com](http://www.sheehan.com), scroll to the bottom and click " ClientPay " or contact our office directly.

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

SERVICE AND EXPENSE MAILBACK SUMMARY

RE: Permit Implementation

-----  
CLIENT/CASE NO. 14713-19658  
BILLING ATTORNEY:Lynn J. Preston  
Invoice Number: 363481

TOTAL FOR PROFESSIONAL SERVICES RENDERED:	\$4,408.00
TOTAL EXPENSES:	\$0.00
	-----
TOTAL THIS BILL:	\$4,408.00
	-----
PREVIOUS BALANCE:	\$6,322.00
	-----
TOTAL BALANCE DUE:	\$10,730.00
	-----

PAYMENT DUE 30 DAYS FROM INVOICE DATE

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

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

To pay by CREDIT CARD, please visit [www.sheehan.com](http://www.sheehan.com), scroll to the bottom and click " ClientPay " or contact our office directly.



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

SERVICE AND EXPENSE MAILBACK SUMMARY

RE: Division of Ports & Harbors

-----  
CLIENT/CASE NO. 14713-9621  
BILLING ATTORNEY:Lynn J. Preston

TOTAL FOR PROFESSIONAL SERVICES RENDERED: \$1,428.00

TOTAL EXPENSES: \$0.00

-----  
TOTAL THIS BILL: \$1,428.00

-----  
BALANCE DUE: \$1,428.00

-----  
PAYMENT DUE 30 DAYS FROM INVOICE DATE

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

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

To pay by CREDIT CARD, please visit [www.sheehan.com](http://www.sheehan.com), scroll to the bottom and click " ClientPay " or contact our office directly.

## MOTION

Director Lamson:

The Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to enter into a contract with Honeywell International of Westbrook, ME to expend an amount not to exceed \$76,820 for the purchase and installation of dual authenticity card access inside the airport terminal building and at the security gates.

In accordance with the provisions of RSA 12-G:8, VIII, the Board justifies the waiver of the RFP requirement to allow PDA to contract with Honeywell for this security upgrade as Honeywell is the provider of the airport's primary access control system, which is a proprietary closed system.

**NOTE: 5 Affirmative Votes Required**

N:\RESOLVES\2021\Honeywell – Dual Access Terminal Gate 8-19-2021.docx

**PEASE DEVELOPMENT AUTHORITY  
PORT COMMITTEE MEETING  
MINUTES**

**Thursday October 3, 2019**

Presiding: Peter Loughlin, Committee Chair  
Present: Franklin G. Torr, Committee Member  
John Bohenko, Committee Member  
Neil Levesque, Committee Member

Attending: Geno J. Marconi, Division of Ports and Harbors Director; David R. Mullen, PDA Executive Director; Paul Brean, PDA Deputy Executive Director; Lynn Hinchee, PDA General Counsel; Anthony Blenkinsop, PDA Deputy General Counsel; Irving Canner, PDA Director of Finance; Roger Groux, Port Advisory Council Chairman

**I. Call to Order**

Director Loughlin, Committee Chair, called the meeting to order at 8:00 a.m. in the conference room of the Division of Ports and Harbors, 555 Market Street, Portsmouth, NH.

**II. Acceptance of Committee Meeting Minutes: April 4, 2019**

Director Bohenko moved and Director Levesque seconded that **the Pease Development Authority Port Committee accept the Minutes of the April 4, 2019 Port Committee meeting.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

**III. Directors' Comments**

Port Director Marconi (Geno) gave an update on the Functional Replacement of the Barge Dock. Back in 2014 NH DOT hired Appledore Marine Engineering to do a concept study to replace the functionality of the Barge Dock due to the relocation of the Sarah Long Bridge. Geno used a large graphic to give an overview and illustration the project. The 65% preliminary design was submitted to NH DOT a few weeks ago and unfortunately since 2014 the estimated cost to finish the project has increased significantly (from \$18.5 mil to about \$31 mil) and NH DOT has put the project on hold going into Final Design. The project will be on hold until 1) DOT can determine if funding can be found for the increased cost, or 2) during DOT's internal review, determine if there are other options that could reduce the cost. Director reported the cost increase is primarily due to the increase in marine construction costs, soil disposal and the number of pilings. Appledore is taking suggestions from NH DOT to see what might work engineering wise. Geno said he became aware of a deficiency regarding replacement of the Floating Dock, Bob Landry (NH DOT) recently showed Director a letter from Federal Highway that said the floating dock was an ancillary improvement and would not approve funding for replacement. Geno will need to follow up with Federal Highway as this is an important piece of the original dock that was lost and it was in the original concept plan and in everything up until now, the floating dock was to be replaced. The floating dock provides a place for the Portsmouth Fire Dept. Rescue boat, the DPH Harbormasters boats, and allows for launching and docking of several other emergency service boats that service the marine community and is an important part of port security. Another

reason for the cost increase is the cost of disposing of contaminated soils, we knew there were contaminated soils but we didn't know the extent of contaminated soils until the permit process was started and EDA stepped in and deemed this a Toxic Substance Control Act ("TSCA") site because of the presence of PCB's. Test borings were done on the grassy knoll on a 10' grid to start (more borings were required later) and only found out the extent of the contaminants after the test borings were completed. Counselor Hinchee indicated there may be an alternative for remediation in the way of a company called Clean Earth that burns soils (even wet soils) using a mobile skid mounted unit rather than trucking it off to a disposal site. This is something that will be monitored and hopefully can be used in this situation.

Director Marconi segued into the BUILD Grant, which will also include some remediation of contaminated soils in that area. The BUILD grant will rehabilitate the Main Wharf at Market St. Terminal. That project is a \$12.5 million job, \$7.5 mil is the grant amount and \$5 mil will be provided through the State appropriation (Port Expansion Fund) that has been on the books since 1990. Because this is a federal project, we cannot execute the agreement with USDOT/MARAD until the NEPA process is completed, which should be very soon. The Division has been going through the draft agreement and will meet after this meeting with Anthony to plug in the numbers, go over the schedule, and review the template. The Division will then go to Governor and Council for approval to accept the grant. One other item to note is that the Functional Replacement Project is a reimbursable project. The Division has been using the Port Expansion Fund as the bank to pay the invoices involved with that project. Now that we've been awarded the Grant, after 12 years of trying, we realized that we will no longer be able to use that account. Director noted that he's spoken to the Governor's office and a couple of State senators about it and was told that this happens all the time with smaller state agencies and there are options to deal with it. Now that the budget negotiations are over he will revisit with them. Lynn reminded Geno to work closely with Irv and the accounting processes that go into a project like this that uses state funds

Lastly, Geno reported there was \$3.25 mil allocated in the negotiated budget to replace the failed seawall at the Fish Pier. Geno asked Appledore Engineering (on call marine engineers) for a proposal for the design, engineering, and permitting to replace that wall. Geno reported he will hopefully be going to the PDA Board at their next meeting looking for authorization to accept a proposal once he and Appledore can agree on the terms. Also to note, this is going to be a major impact wetlands permit because there is 180' of wall in the intertidal zone. This is going to be a complicated project because of the location of the building and utilities and the work needs to be done from a barge which drives the cost up. Lynn commented regarding the money source, as a reminder there are a lot of questions that Geno gets from Concord as far as why PDA can't front the money. There is a misconception that PDA is sitting on piles of money and he is continually reminding Concord that PDA cannot put up the money for this or any project at the Port. Geno reported that the State Senators are really attentive to this, he's seen Senators numerous times down at the Fish Pier. Senator Sherman and Senator D'Allasandro have been spotted and have actually been very instrumental along with the Governor and the Governor's budget director. Chairman Loughlin asked if the slanted piles were installed, and Geno confirmed they are in place. Geno said we watch the pier on a daily basis to be sure the welds are holding. One tricky thing that remains to be figured out is how to keep access to the pier for the fishermen during the construction project. Geno reported that they still do have the replacement of the entire facility down the road and he is looking into options for additional grant money for that project. There is one with the EDA and it's a 50/50 match but it's a minimum of \$10 million dollars. This was the end of Geno's report.



Roger Groux spoke regarding the proposed increase of pier use permits which only applies to our piers, not the marinas. There is no harbor use fee for folks that are using the harbor but do not have a mooring or pier use permit and therefore are not contributing to the maintenance of the harbors. Roger said it would take legislation to have anything changed. The majority of harbors in New England have a harbor use fee that is comparable to the mooring fee, and they are required to pay one or the other. Roger referred to the folks that keep their boats on slips at the marinas, such as Great Bay and the Wentworth.

**IV. Public Comment**

There were no members of the public present.

**V. Press Questions**

There were no members of the press at the meeting.


**VI. Adjournment**

Director Torr made a motion to adjourn at 8:32 AM, motion was seconded by Director Bohenko, all were in favor.



**PEASE**  
INTERNATIONAL  
PORTS AND HARBORS

555 Market Street, Suite 1 Portsmouth, NH 03801

Date: August 11, 2021  
To: Pease Development Authority, Board of Directors  
From: Geno Marconi, Director   
Subject: Camera and NVR Replacement, Rye Harbor Marine Facility

On June 10, 2021 the Division of Ports and Harbors (the "Division") requested and received approval via Delegation of Authority from Executive Director Paul Brean and Director Tom Ferrini, to upgrade the security cameras at Rye Harbor. The cost was \$9068.00.

During the camera replacement project it was determined that the server would need to be replaced to handle the newer model high visibility cameras. Due to the time sensitive situation the replacement required immediate attention in order to continue security surveillance at Rye Harbor. The CTV system is linked to Federal, State, first responders, and local law enforcement. Paul Brean and Director Ferrini authorized the server purchase in the amount of \$5,820.00 on July 29, 2021.

TO: Paul Brean, Executive Director, PDA

FROM: Geno J. Marconi, Director, DPH

DATE: July 2, 2021

RE: Commercial Mooring Transfer

The Pease Development Authority, Division of Ports and Harbors has received a request for the transfer of a commercial mooring, permit #4182, from Brian Walsh to Daniel Riley.

I have reviewed the attached paperwork and concur with the local Harbormaster and Chief Harbormaster that the request meets all the requirements of the PDA-DPH Code of Administrative Rules regarding commercial mooring transfers. Therefore, I am requesting approval of the transfer.

If you have any questions or need further information, please let me know.

Division of Ports & Harbors  
Memorandum

To: Capt. Geno J. Marconi  
From: Chief H/M Tracy R. Shattuck *TRS*  
Re: Commercial Transfer  
Date: July 2, 2021

---

Brian Walsh and Daniel Riley are requesting the transfer of a Mooring Permit (#4182) in the Rye Harbor mooring field. Attached is documentation of Riley's commercial enterprise in the form of his fishing licenses. Also attached is the transfer request from Walsh. Daniel Riley has asserted that he understands that the mooring must remain in commercial use.

I have reviewed this application and I believe that it is in compliance with the administrative rules.

I recommend that permit #4182 be transferred to:

Daniel Riley  
1661 Ocean Blvd  
Rye, NH 03870




TO: Paul Brean, Executive Director, PDA *Paul*  
FROM: Geno J. Marconi, Director, DPH *Geno*  
DATE: July 29, 2021  
RE: Commercial Mooring For Hire

The Pease Development Authority, Division of Ports and Harbors has received a request for a commercial mooring for hire from Esther's Marina, LLC.

I have reviewed the attached paperwork and concur with the local Harbormaster and Chief Harbormaster that the request meets all the requirements of the PDA-DPH Code of Administrative Rules regarding commercial moorings for hire. Therefore, I am requesting approval of the application.

If you have any questions or need further information, please let me know.

Division of Ports & Harbors  
Memorandum

To: Captain Geno J. Marconi  
From: Tracy R. Shattuck, Chief H/M   
Re: Esther's Marina Commercial for Hire Mooring Application  
Date: July 29, 2021

---

Attached is an initial application for a Commercial Mooring for Hire in the Peirce Island Back Channel nearshore mooring field. Esther's Marina, LLC was on the waitlist and was offered a mooring pursuant to the waitlist process. Esther's Marina, LLC already holds Commercial Moorings for Hire and is on several waitlists in an effort to expand the business. All of the required documentation is already on file.

I recommend approval of the application as it meets all criteria for a Commercial for Hire mooring permit.

TO: Paul Brean, Executive Director, PDA *Feb*  
FROM: Geno J. Marconi, Director, DPH *[Signature]*  
DATE: August 3, 2021  
RE: Commercial Mooring Transfer

The Pease Development Authority, Division of Ports and Harbors has received a request for the transfer of a commercial mooring, permit #6021, from Charles W. Eastman III to Tyler McLaughlin.

I have reviewed the attached paperwork and concur with the local Harbormaster and Chief Harbormaster that the request meets all the requirements of the PDA-DPH Code of Administrative Rules regarding commercial mooring transfers. Therefore, I am requesting approval of the transfer.

If you have any questions or need further information, please let me know.

## Division of Ports & Harbors Memorandum

To: Capt. Geno J. Marconi  
From: Chief H/M Tracy R. Shattuck *TCS*  
Re: Commercial Transfer  
Date: August 3, 2021

---

Charles Eastman and Tyler McLaughlin are requesting the transfer of a Mooring Permit (#6021) in the Seabrook Harbor mooring field concurrent with the sale of fishing related equipment. Attached is documentation of Eastman's commercial enterprise in the form of his fishing license and landings. Also attached is the transfer request from Eastman. Tyler McLaughlin has asserted that he understands that the mooring must remain in commercial use.

I have reviewed this application and I believe that it is in compliance with the administrative rules.

I recommend that permit #6021 be transferred to:

Tyler McLaughlin  
7 Laurel Ct  
Portsmouth, NH 03801





**PEASE**  
INTERNATIONAL  
PORTS AND HARBORS

Division of Ports & Harbors

555 Market Street, Suite 1 Portsmouth, NH 03801

TO: Paul Brean, Executive Director, PDA *fab*  
FROM: Geno J. Marconi, Director, DPH *GM*  
DATE: August 5, 2021  
RE: Commercial Mooring Transfer

The Pease Development Authority, Division of Ports and Harbors has received a request for the transfer of a commercial mooring, permit #7728, from Jeffrey Redican to Randell Collins.

I have reviewed the attached paperwork and concur with the local Harbormaster and Chief Harbormaster that the request meets all the requirements of the PDA-DPH Code of Administrative Rules regarding commercial mooring transfers. Therefore, I am requesting approval of the transfer.

If you have any questions or need further information, please let me know.

Randell Collins  
Director, DPH  
Pease Development Authority

## Division of Ports & Harbors Memorandum

To: Capt. Geno J. Marconi  
From: Chief H/M Tracy R. Shattuck *TRS*  
Re: Commercial Transfer  
Date: August 4, 2021

---

Jeffrey Redican and Randell Collins are requesting the transfer of a Mooring Permit (#7728) in the Seabrook mooring field with the sale of fishing related equipment. Attached is documentation of Collins' commercial enterprise in the form of his fishing license. Also attached is the transfer request from Redican. Collins has asserted that he understands that the mooring must remain in commercial use.

I have reviewed this application and I believe that it is in compliance with the administrative rules.

I recommend that permit #7728 be transferred to:

Randell Collins  
26 Centennial St  
Seabrook NH 03874

## MOTION

Director Anderson:

The Pease Development Board of Directors hereby approves of and adopts the Winter Boat Storage Final Proposed Fee Amendment at a rate of \$18 per foot effective November 1, 2021; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated July 26, 2021, attached hereto.

Date: August 3, 2021

To: Pease Development Authority (“PDA”), Board of Directors *pa B*

From: Geno Marconi, Division Director *(B)*

Subject: Winter Boat Storage Final Proposed Fee Amendment

The Division of Ports and Harbors (the “Division”) is presenting the Board with the Final Proposed amendment of winter storage fees for adoption.

The current winter storage fee is:

- \$9.00 per foot Length Overall (LOA)

The proposed winter storage fee is:

- \$18.00 per foot Length Overall (LOA)

The Division received approval from the PDA Board for the initial proposed fee amendment at its May 20, 2021 meeting.

Following the PDA Board approval, the Division Director held a Public Hearing at the Division office on June 9, 2021. The Notice of Public Hearing was published in the NH Union Leader and physically posted in public facilities, including several seacoast town offices, the NH Fish and Game offices in Durham and Concord, and at the Division facilities in Rye, Hampton, and Portsmouth. There were no members of the public in attendance at the meeting. The public comment period remained open for written comment until the end of business on July 9, 2021, during which time one comment was received. After taking the comment into consideration, and further researching the winter storage fees in the surrounding area, the Division recommends the winter storage fee be increased to \$18 per foot to begin with the 2021 winter season, which is Nov 1<sup>st</sup> to April 30<sup>th</sup>.

Therefore, the Division requests that the PDA Board of Directors adopt the Winter Boat Storage Final Proposed Fee Amendment of \$18 per foot and set an effective date of November 1, 2021.





## MEMORANDUM

To: Pease Development Authority Board of Directors  
From: Paul E. Brean, Executive Director *PEB*  
Date: August 9, 2021  
Re: Special Events

---

I am pleased to report on the following special events:

1. Cisco Brewers Portsmouth (a/k/a Redhook) will be hosting the following upcoming events:
  - August 22<sup>nd</sup> – Food Truck Fest
  - September 25<sup>th</sup> – Potential Concert
  - September 26<sup>th</sup> – Lumberjack Competition
  - October 9<sup>th</sup> – Brewfest
  - October 16<sup>th</sup> – NH Rocks Concert
2. Sabine Strong - **Right of Entry** for Use of Portion of Arboretum Drive for a 3.3 mile Road Race held on **Sunday August 15, 2021**; and
3. Foxpoint Sunset Race – **Right of Entry** for Use of Portion of Arboretum Drive for a 5/10k to be held on September 25<sup>th</sup>.