

PEASE DEVELOPMENT AUTHORITY
Thursday, October 20, 2016

PUBLIC AGENDA

Time: 8:00 a.m.

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

AGENDA

I. Call to Order

II. Non-Public Session* (Allard)

Public Meeting Resumes – 9:00 a.m.

III. Vote of Confidentiality* (Bohenko)

IV. Acceptance of Meeting Minutes: September 15, 2016*

V. Public Comment

VI. Old Business

VII. Audit Committee Report* (Bohenko)

A. Approvals

1. Certified Financial Statements and Uniform Guidance Audit of Federal Awards* (Loughlin)

VIII. Finance

A. Financial Reports

1. Operating Result for Two Month Period Ending August 31, 2016*
2. Nine Month Cash Flow Projections to June 30, 2017*

IX. Leases

A. Reports

1. Pioneer Aviation LLC*
2. 100 International, LLC*

B. Approvals

1. Allegiant Airlines, LLC – Lease Amendment No. 3* (Lamson)
2. Spyglass Development LLC – Letter of Intent* (Torr)
3. RTG, Inc. – Hangar 227* (Allard)
4. Summit Land Development - 160 Corporate Drive Option * (Lamson)
5. Summit Land Development - 254 Corporate Drive Option* (Torr)

X. Signs

A. Reports

1. 73 Corporate Drive, LLC – 73 Corporate Drive*

XI. Contracts/Agreements

A. Reports*

1. Boyd Group International – Airline Data
2. Dave's Septic Service, Inc.

3. Eckhardt & Johnson, Inc. – PSM Terminal HVAC (Emergency Delegation)

B. Approvals

1. Careno Construction Co. LLC – PSM Terminal Change Order* (Bohenko)
2. Seacoast Security – Fire Alarms* (Loughlin)

XII. Executive Director's Reports/Approvals

A. Reports

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

B. Approvals

1. Bills for Legal Services* (Allard)

XIII. Port Committee Report* (Loughlin)

XIV. Division of Ports and Harbors

A. Reports

1. Port Advisory Council

B. Approvals

1. Appledore Marine Engineering, Inc. – Main Wharf Inspection* (Bohenko)

XV. New Business

XVI. Upcoming Meetings

Finance Committee	Nov. 14, 2016
Board of Directors	Nov. 17, 2016

All Meetings begin at 8 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

MOTION

Director Allard:

The Pease Development Authority Board of Directors will enter non-public session pursuant to:

1. NHRSA 91-A:3, Paragraph II(d) for the purpose of discussing the acquisition, sale or lease of property;
2. NHRSA 91-A:3, Paragraph II(b) for the purpose of discussing the hiring of a public employee; and
3. NHRSA 91-A:3, Paragraph II(e) for consideration or negotiation of pending claims or litigation which has been threatened in writing or filed against the body or agency or any subdivision thereof, or against any member thereof because of his or her membership in such body or agency, until the claim or litigation has been fully adjudicated or otherwise settled.

Note: Roll call vote required

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Pease Development Authority

DRAFT 10-14-2016

Financial Statements and Management's Discussion and Analysis

*Years Ended June 30, 2016 and 2015
With Independent Auditor's Report*



PEASE DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS

Years Ended June 30, 2016 and 2015

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PEASE DEVELOPMENT AUTHORITY

BOARD OF DIRECTORS

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

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

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

John P. Bohenko
Appointed by the City of Portsmouth

Margaret F. Lamson
Appointed by the Town of Newington

Robert F. Preston
Appointed by the New Hampshire Senate President

Franklin G. Torr
Appointed by Strafford County Legislative Delegation

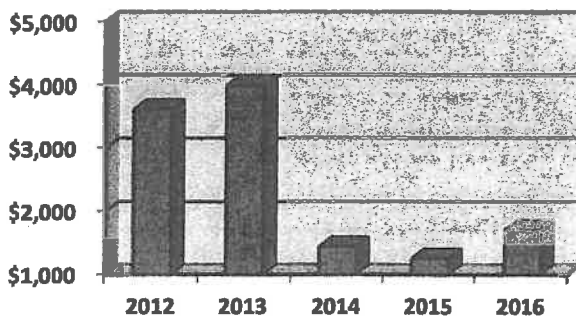
David R. Mullen
Executive Director and Secretary
Hired by the Pease Development Authority Board of Directors



**PEASE DEVELOPMENT AUTHORITY
FINANCIAL HIGHLIGHTS (UNAUDITED)**
(\$ in Thousands)

	2012	2013	2014	2015	2016
Consolidated Revenues					
Tradeport	\$ 9,220	\$ 7,926	\$ 7,631	\$ 7,826	\$ 8,028
Ports and Harbors	2,848	4,223	2,773	2,762	2,474
Golf Course	1,926	1,658	1,621	2,197	2,420
Aviation	1,124	1,232	1,173	1,117	1,237
Total	\$ 15,118	\$ 15,039	\$ 13,198	\$ 13,902	\$ 14,159

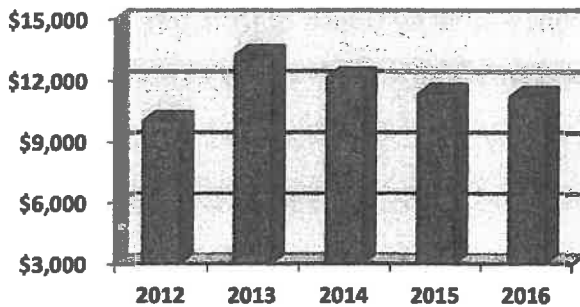
**UNRESTRICTED CASH AND
CASH EQUIVALENTS**



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

June 30	Amount
2012	\$ 3,359
2013	3,532
2014	4,307
2015	3,345
2016	465

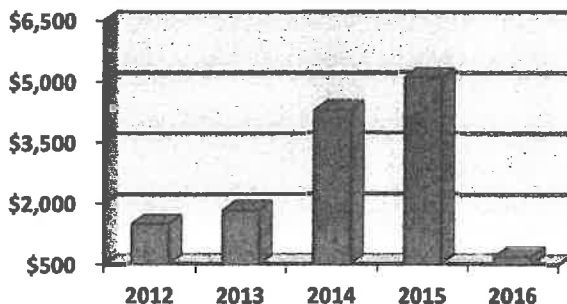
**OPERATING EXPENSES
(EXCLUDING DEPRECIATION)**



- Capital assets, primarily due to third party grant funding and renovations to the golf course and harbor facilities, have continued to increase during the past several fiscal years:

June 30	Amount
2012	\$ 140,678
2013	146,771
2014	153,811
2015	159,556
2016	161,023

CONTRIBUTED CAPITAL



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

June 30	Amount
2012	\$ 5,035
2013	3,859
2014	40
2015	2,748
2016	4,221



INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Pease Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Pease Development Authority (PDA), a component unit of the State of New Hampshire, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise PDA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PDA as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Board of Directors of
Pease Development Authority

Other Matters

Required Supplementary Information

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

Other Information

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

Prior Period Adjustments

As described in Note 21, the financial statements of PDA as of June 30, 2015 and June 30, 2014 have been restated to expense amounts previously recorded to construction in progress for which management determined that there was no ongoing useful life. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORTDATE on our consideration of PDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PDA's internal control over financial reporting and compliance.

Manchester, New Hampshire
REPORTDATE

PEASE DEVELOPMENT AUTHORITY

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

This report identifies the Pease Development Authority's ("PDA") financial position and describes PDA's financial activities over the past three fiscal years. This section of PDA's annual financial report is known as "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" ("MD&A") and presents our discussion and analysis of PDA's consolidated financial performance during the fiscal years ended June 30, 2016, 2015 and 2014.

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

Overview of the Financial Statements

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

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

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

The statements of revenues, expenses and changes in net position reports total operating revenues, operating expenses, nonoperating income (expense), contributed capital and the change in net position for the years ended June 30, 2016 and 2015.

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

Prior Period Adjustment

The financial statements have been restated to expense amounts previously recorded to construction in progress for which management determined that there was no ongoing useful life. The restatement resulted in a decrease to net position of \$599,597 as of June 30, 2015 and 2014.

PEASE DEVELOPMENT AUTHORITY

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

Current Assets

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

Comparison of 2016 to 2015

Changes in Current Assets (\$ in Thousands)

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

PDA's current assets decreased by \$0.9 million or 23.7% primarily due to the decrease in accounts receivable. The resulting increase in cash and cash equivalents was partially offset to reduce debt outstanding and to support construction activities across all business units. Accounts receivable included an allowance for doubtful accounts of approximately 0.4% and 0.9% of total accounts receivable at June 30, 2016 and 2015, respectively.

Comparison of 2015 to 2014

Changes in Current Assets (\$ in Thousands)

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Cash and Cash Equivalents	\$ 1,257	\$ 1,444	(187)	(13.0)
Accounts Receivable - Net	1,899	2,028	(129)	(6.4)
Other Current Assets	471	535	(64)	(12.0)
Total Current Assets	<u>\$ 3,627</u>	<u>\$ 4,007</u>	<u>(380)</u>	<u>(9.5)</u>

PDA's current assets decreased by \$0.4 million or 9.5% primarily due to decreases in cash and cash equivalents to support construction activities across all business units. Accounts receivable included an allowance for doubtful accounts of approximately 0.9% and 0.2% of total accounts receivable at June 30, 2015 and 2014, respectively.

PEASE DEVELOPMENT AUTHORITY

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

Restricted Assets

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

Comparison of 2016 to 2015

Changes in Restricted Assets

(\$ in Thousands)

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

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

Comparison of 2015 to 2014

Changes in Restricted Assets

(\$ in Thousands)

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>\$ Increase (Decrease)</u>	<u>\$ Increase (Decrease)</u>
Cash and Cash Equivalents	\$ 875	\$ 703	172	24.5
Revolving Loan Fishery Fund Receivable	781	935	(154)	(16.5)
Accounts Receivable Other- Net	206	7	199	2,842.9
Total Restricted Assets	<u>\$ 1,862</u>	<u>\$ 1,645</u>	<u>217</u>	<u>13.2</u>

Total restricted assets increased by approximately 13.2% during the current fiscal year primarily due to the increase in accounts receivable balance due from the State of New Hampshire. Total assets associated with the Revolving Loan Fishery Fund had a composite valuation of approximately \$1.2 million at June 30, 2015 and 2014. There were 24 individual loans outstanding at June 30, 2015 versus 25 at June 30, 2014.

PEASE DEVELOPMENT AUTHORITY

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

Capital Assets

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

Comparison of 2016 to 2015

Changes in Capital Assets
(\$ in Thousands)

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

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

Comparison of 2015 to 2014

Changes in Capital Assets
(\$ in Thousands)

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Land	\$ 7,521	\$ 7,499	22	0.3
Facilities Improvements	128,142	126,492	1,650	1.3
Equipment	13,287	13,158	129	1.0
Construction in Process	<u>10,606</u>	<u>6,661</u>	<u>3,945</u>	<u>59.2</u>
Gross Capital Assets	<u>159,556</u>	<u>153,810</u>	<u>5,746</u>	<u>3.7</u>
Accumulated Depreciation	<u>(86,324)</u>	<u>(80,131)</u>	<u>6,193</u>	<u>7.7</u>
Total Capital Assets	<u>\$ 73,232</u>	<u>\$ 73,679</u>	<u>(447)</u>	<u>(0.6)</u>

PDA's capital acquisitions totaled approximately \$5.8 million during the year ended June 30, 2015, primarily in support of either federal or state funded projects. The more significant capital projects included runway reconstruction activities at both PSM and DAW. Approximately \$5.1 million of the total capital expenditures were associated with either federal or state funded projects.

PEASE DEVELOPMENT AUTHORITY

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

Long-Term Liabilities

PDA borrowed money from the State of New Hampshire (the State) during its early years to finance its operations. Currently, the PDA owes no money to the State. Other monies have been borrowed, on a short-term basis, for capital improvements from local financial and municipal institutions.

Comparison of 2016 to 2015

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

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

The PDA increased its total noncurrent liabilities outstanding during the fiscal year by approximately \$0.5 million or 10.6%. The more significant increase was associated with the change in the net pension liability, which reflected PDA's increase of its proportionate share obligation. During the fiscal year, a total of \$0.1 million of total long-term debt was retired while the \$5.0 million Revolving Line of Credit Facility was repaid in full. During fiscal year 2017, PDA may need to access the capital market to support scheduled capital improvements across all business units. At the end of the 2016 fiscal year, PDA's overall cost of capital was approximately 4.5%.

Comparison of 2015 to 2014

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Pension Liability	\$ 3,687	\$ -	3,687	100.0
Due to City of Portsmouth - Waste Water Treatment Facility	465	582	(117)	(20.1)
Compensated Absences	111	102	9	8.8
The Provident Bank LCN @ 3.11%	-	928	(928)	(100.0)
The Provident Bank LCN @ 3.46%	-	142	(142)	(100.0)
Advance from Tenant	-	13	(13)	(100.0)
Total Long-Term Liabilities	<u>\$ 4,263</u>	<u>\$ 1,767</u>	<u>2,496</u>	<u>141.3</u>

PDA increased its total noncurrent liabilities outstanding during the fiscal year by approximately \$2.5 million or 141.3%. PDA recorded a net pension liability as of June 30, 2015 amounting to \$3.7 million in connection with the adoption of the new accounting standards. During the fiscal year, a total of \$1.7 million of long-term debt was retired while \$0.8 million in new net borrowings under PDA's Revolving Line of Credit Facility, which went primarily to support working capital requirements, offset the decrease. At the end of the 2015 fiscal year, PDA's overall cost of capital was approximately 3.1%.

PEASE DEVELOPMENT AUTHORITY

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

Net Position

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

Comparison of 2016 to 2015

Statements of Net Position
(\$ in Thousands)

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

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

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

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

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

PEASE DEVELOPMENT AUTHORITY

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

Net Position (continued)

Comparison of 2015 to 2014

Statements of Net Position
(\$ in Thousands)

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Current Assets	\$ 3,627	\$ 4,007	(380)	(9.5)
Restricted Assets	1,862	1,645	217	13.2
Capital Assets	<u>73,232</u>	<u>73,679</u>	<u>(447)</u>	<u>(0.6)</u>
Total Assets	<u>78,721</u>	<u>79,331</u>	<u>(610)</u>	<u>(0.8)</u>
Deferred Outflows of Resources	<u>413</u>	<u>-</u>	<u>413</u>	<u>100.0</u>
Current Liabilities	5,860	6,714	(854)	(12.7)
Noncurrent Liabilities	<u>4,263</u>	<u>1,767</u>	<u>2,496</u>	<u>141.3</u>
Total Liabilities	<u>10,123</u>	<u>8,481</u>	<u>1,642</u>	<u>19.4</u>
Deferred Inflows of Resources	<u>472</u>	<u>-</u>	<u>472</u>	<u>100.0</u>
Net Investment in Capital Assets	72,041	69,986	2,055	2.9
Restricted Net Position	1,590	1,638	(48)	(2.9)
Unrestricted Net Position	<u>(5,092)</u>	<u>(345)</u>	<u>(4,747)</u>	<u>1,375.9</u>
Total Net Position	<u>\$ 68,539</u>	<u>\$ 71,279</u>	<u>(2,740)</u>	<u>(3.8)</u>

PDA's total assets decreased \$0.6 million or 0.8% primarily due to depreciation expense being greater than capital asset expenditures. The decrease in cash and cash equivalents was aligned with funding construction expenditures across all business units. Restricted assets are primarily represented by the Revolving Loan Fishery Fund, which had an approximate value of \$1.2 million at June 30, 2015 and 2014.

The increase in deferred outflows of resources related to the pension plan and deferred inflows of resources is due to the adoption of the new accounting standards during the year during the year ended June 30, 2015.

PDA's total liabilities increased by \$1.6 million or 19.4% primarily due to the adoption of the new accounting standards during the year ended June 30, 2015, net of decreases in long-term debt and lower construction related liabilities at the close of the fiscal year.

PDA's net position decreased by \$2.9 million or 4.1%. This decrease is primarily due to the adoption of the new accounting standards offset by an increase in net position after contributed capital during the year ended June 30, 2015.

PEASE DEVELOPMENT AUTHORITY

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

Change in Net Position

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

Comparison of 2016 to 2015

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

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

Total operating revenues increased by \$0.3 million or 1.8% primarily due to increases in rental of facilities of 3.5%. To a lesser extent, increases were realized in concession revenues primarily associated with Grill 28 restaurant operations. Offsetting these increases were lower fuel sales at the PDA-DPH due to a continued restrictive regulatory environment for the commercial fishing industry.

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

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

The decrease in contributed capital of \$4.4 million reflects reduced grant related construction projects at both PSM and DAW. During the year ended June 30, 2016, a total of \$1.5 million was spent on the purchase of capital assets of which approximately \$0.9 million were either grant funded or supported by the State for purposes of PDA-DPH.

PEASE DEVELOPMENT AUTHORITY

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

Change in Net Position (continued)

Comparison of 2015 to 2014

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

	June 30, 2015	June 30, 2014	\$ Increase (Decrease)	% Increase (Decrease)
Operating Revenues				
Rental of Facilities	\$ 9,168	\$ 8,825	343	3.9
Fee Revenues	2,981	2,506	475	19.0
Fuel Sales	904	981	(77)	(7.8)
Concession and Other Miscellaneous	849	886	(37)	(4.2)
Total Operating Revenues	13,902	13,198	704	5.3
Operating Expenses				
Personnel Services and Benefits	6,556	6,285	271	4.3
Depreciation	6,222	5,992	230	3.8
Building and Facilities Maintenance	1,414	1,990	(576)	(28.9)
General and Administrative	777	1,221	(444)	(36.4)
Other	2,593	2,707	(114)	(4.2)
Total Operating Expenses	17,562	18,195	(633)	(3.5)
Operating Loss	(3,660)	(4,997)	1,337	26.8
Nonoperating Income (Expense)				
Interest Expense	(128)	(136)	8	(5.9)
Interest Income	3	6	(3)	(50.0)
Gain on Insurance Proceeds	220	-	220	100.0
Gain on Sale of Capital Assets	1	2	(1)	(50.0)
Total Nonoperating Income (Expense)	96	(128)	224	175.0
Loss Before Contributed Capital	(3,564)	(5,125)	1,561	30.5
Contributed Capital	5,096	4,278	818	19.1
Change in Net Position	\$ 1,532	\$ (847)	2,379	280.9

Total operating revenues increased by \$0.7 million or 5.3% primarily due to fee revenues associated with golf course operations. Both member and public play has increased from the prior year due to restoration of the irrigation system and course conditions. To a lesser extent, rental of facilities increased by 3.9% due to slight increases in the Consumer Price Index and new lease contracts. Offsetting these increases was a decrease in fuel sales due to increased regulatory compliance associated with commercial fishing activities.

Total operating expenses decreased by \$1.1 million or 5.7% primarily due to lower facilities costs and bad debt expenses from the prior year. Offsetting these decreases were increases in personnel services and benefits along with elevated depreciation and other operating costs.

Net non-operating expense increased by \$0.2 million due to a one-time gain on insurance proceeds.

The increase in contributed capital of \$0.8 million reflects the continued use of grant funding to support capital project initiatives at PSM and or DAW. During the year ended June 30, 2015, a total of \$5.8 million was spent on the purchase of capital assets of which approximately \$5.1 million were either grant funded or supported by the State for purposes of PDA-DPH.

PEASE DEVELOPMENT AUTHORITY

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

Contacting the PDA's Leadership Team

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

PEASE DEVELOPMENT AUTHORITY
STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	<u>2016</u>	<u>Restated 2015</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,713,347	\$ 1,256,867
Accounts Receivable - Net	588,746	1,899,183
Other Current Assets	467,232	471,040
Total Current Assets	<u>2,769,325</u>	<u>3,627,090</u>
Restricted Assets:		
Cash and Cash Equivalents	597,140	875,431
Accounts Receivable - Net	1,092,715	986,602
Total Restricted Assets	<u>1,689,855</u>	<u>1,862,033</u>
Capital Assets	<u>68,588,287</u>	<u>73,231,971</u>
Total Assets	<u>73,047,467</u>	<u>78,721,094</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	<u>776,349</u>	<u>412,837</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	1,855,440	1,824,138
Accounts Payable for Capital Assets	278,486	609,171
Unearned Revenues	597,019	547,761
Revolving Line of Credit Facility	-	2,750,000
Current Portion of Long-Term Liabilities	116,290	129,344
Total Current Liabilities	<u>2,847,235</u>	<u>5,860,414</u>
Noncurrent Liabilities:		
Net Pension Liability	4,255,991	3,687,154
Other Noncurrent Liabilities	458,009	576,402
Total Noncurrent Liabilities	<u>4,714,000</u>	<u>4,263,556</u>
Total Liabilities	<u>7,561,235</u>	<u>10,123,970</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	<u>207,139</u>	<u>471,774</u>
NET POSITION		
Net Investment in Capital Assets	67,844,642	72,041,352
Restricted For:		
Revolving Loan Fishery Fund	1,159,304	1,152,625
Harbor Dredging and Pier Maintenance	211,815	390,845
Foreign Trade Zone	50,557	46,493
Unrestricted	<u>(3,210,876)</u>	<u>(5,093,128)</u>
Total Net Position	<u>\$ 66,055,442</u>	<u>\$ 68,538,187</u>

See accompanying notes to financial statements.

PEASE DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Rental of Facilities	\$ 9,487,497	\$ 9,168,399
Fee Revenues:		
Golf Course Operations	1,869,207	1,718,627
Mooring, Dockage, Pier Usage and Boat Registrations	955,138	1,128,829
All Other	117,402	133,940
	<u>2,941,747</u>	<u>2,981,396</u>
Fuel Sales	765,841	904,031
Concession and Other Miscellaneous	963,439	847,934
Total Operating Revenues	<u>14,158,524</u>	<u>13,901,760</u>
Operating Expenses		
Personnel Services and Benefits	6,631,406	6,555,847
Depreciation	6,110,575	6,222,153
Building and Facilities Maintenance	1,511,832	1,414,386
Professional Services	444,272	504,496
Utilities	887,474	964,542
General and Administrative	750,054	776,825
All Other	940,721	1,123,254
Total Operating Expenses	<u>17,276,334</u>	<u>17,561,503</u>
Operating Loss	<u>(3,117,810)</u>	<u>(3,659,743)</u>
Nonoperating Income (Expense)		
Interest Income	3,343	3,474
Interest Expense	(39,406)	(127,638)
Gain on Sale of Capital Assets	-	1,000
Gain on Insurance Proceeds	-	220,036
Total Nonoperating Income (Expense)	<u>(36,063)</u>	<u>96,872</u>
Loss Before Contributed Capital	(3,153,873)	(3,562,871)
Contributed Capital	671,128	5,095,727
Change in Net Position	<u>(2,482,745)</u>	<u>1,532,856</u>
Net Position at Beginning of Year, as Previously Stated	68,538,187	71,450,075
Cumulative Effect of Change in Accounting Principle	-	(3,845,147)
Prior Period Adjustment	-	(599,597)
Net Position at Beginning of Year, as Restated	<u>68,538,187</u>	<u>67,005,331</u>
Net Position at End of Year	<u>\$ 66,055,442</u>	<u>\$ 68,538,187</u>

See accompanying notes to financial statements.

PEASE DEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Cash Received from Customers	\$ 15,555,389	\$ 13,960,133
Cash Payments to Personnel for Services and Benefits	(6,444,784)	(6,622,376)
Cash Payments to Suppliers of Goods and Services	(4,889,680)	(4,590,038)
Net Cash Provided by Operating Activities	<u>4,220,925</u>	<u>2,747,719</u>
Cash Flows From Noncapital Financing Activities		
Net (Repayments) Borrowings on the Provident Bank Revolving Line of Credit Facility	(2,750,000)	750,000
Interest Paid on the Provident Bank Line of Credit Facility	(15,780)	(61,194)
Net Cash (Used) Provided by Noncapital Financing Activities	<u>(2,765,780)</u>	<u>688,806</u>
Cash Flows From Capital and Related Financing Activities		
Contributed Capital by Federal and State Government	671,128	5,095,727
Cash Received from Sale of Capital Assets	-	1,000
Cash Received from Insurance Recoveries	-	220,036
Purchase of Capital Assets	(1,811,512)	(7,019,517)
Interest Paid on Capital Debt	(23,626)	(66,444)
Repayment of Long-Term Liabilities	(116,289)	(1,686,213)
Net Cash Used by Capital and Related Financing Activities	<u>(1,280,299)</u>	<u>(3,455,411)</u>
Cash Flows From Investing Activities		
Interest Income Received	3,343	3,474
Increase (Decrease) in Cash and Cash Equivalents	178,189	(15,412)
Cash and Cash Equivalents - Beginning of Year	<u>2,132,298</u>	<u>2,147,710</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,310,487</u>	<u>\$ 2,132,298</u>

See accompanying notes to financial statements.

PEASE DEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015
(CONCLUDED)

	<u>2016</u>	<u>2015</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating Loss	\$ (3,117,810)	\$ (3,659,743)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	6,110,575	6,222,153
Change in Allowance for Doubtful Accounts	(20,000)	22,000
All Other	(1,222)	(26,109)
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Accounts Receivable	1,224,324	62,482
Other Assets	3,808	62,885
Deferred Outflows of Resources - Pension	(363,512)	(94,156)
Accounts Payable and Accrued Expenses	31,302	158,807
Unearned Revenues	49,258	4,300
Net Pension Liability	568,837	(476,674)
Deferred Inflows of Resources - Pension	(264,635)	471,774
Net Cash Provided by Operating Activities	<u>\$ 4,220,925</u>	<u>\$ 2,747,719</u>
Reconciliation of Noncash Activity:		
Acquisition of Capital Assets	\$ 1,480,827	\$ 5,774,817
Less: Accounts Payable and Accrued Expenses as of Year-end	(278,486)	(609,171)
Add: Payments on Short-Term Trade Accounts to Finance Acquisitions of Capital Assets	609,171	1,853,871
Payments for the Acquisition of Capital Assets	<u>\$ 1,811,512</u>	<u>\$ 7,019,517</u>

See accompanying notes to financial statements.

**PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016 and 2015**

1. Reporting Entity

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

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

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

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

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

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

**PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015**

1. Reporting Entity (concluded)

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

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Cash and Cash Equivalents

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

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

Accounts Receivable

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

Capital Assets

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

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

PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Compensated Absences

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

Unearned Revenues

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

Net Pension Liability

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

Net Position

Net position is presented in the following categories:

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

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

Revenue Recognition

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

PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (concluded)

Operating and Nonoperating Income and Expenses

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

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

Contributed Capital and Grants

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

Use of Estimates

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

3. Change in Accounting Principle

During the year ended June 30, 2015, PDA adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68* (the new accounting standards). The changes made to the basic financial statements to comply with the new accounting standards were reported as an adjustment as of the beginning of the year ended June 30, 2015. Because it was not practical for PDA to determine the amounts of all deferred inflows of resources and outflows of resources related to the pension plan as of June 30, 2014, the beginning balances of deferred inflows of resources and deferred outflows of resources related to pensions have not been reported. The impact of the adoption of the new accounting standards as of the beginning of the year ended June 30, 2015 was as follows:

	July 1, 2015
Net Pension Liability as of the measurement date of June 30, 2013	\$ 4,163,828
Contributions made in 2014 after the measurement date included in deferred outflows of resources	(318,681)
Cumulative Effect of Change in Accounting Principle	\$ 3,845,147

PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

4. Cash and Cash Equivalents

Custodial Credit Risk

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

As of June 30, 2016 and 2015, substantially all of PDA's cash and equivalents were insured by the Federal Deposit Insurance Corporation and the Depositors Insurance Fund. At June 30, 2016 and 2015, cash and cash equivalents of \$30,706 and \$37,340, respectively, was collateralized by a Stand-by Letter of Credit at the Federal Home Loan Bank of Cleveland Pittsburgh Branch.

5. Current Accounts Receivable - Net

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

	2016	2015
Tenants	\$ 529,608	\$ 985,075
Intergovernmental	66,138	931,108
Allowance for Doubtful Accounts	(7,000)	(17,000)
	\$ 588,746	\$ 1,899,183

6. Restricted Cash and Cash Equivalents

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

	2016	2015
Harbor Dredging and Pier Maintenance	\$ 473,958	\$ 448,856
Revolving Loan Fishery Fund	77,625	372,900
Foreign Trade Zone	45,557	53,675
	\$ 597,140	\$ 875,431

7. Restricted Accounts Receivable - Net

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

	2016	2015
Revolving Loan Fishery Fund		
Due Within One Year	\$ 130,940	\$ 115,457
Due in More Than One Year	953,863	665,625
Tenants	7,912	12,818
Intergovernmental	-	202,702
Allowance for Doubtful Accounts	-	(10,000)
	\$ 1,092,715	\$ 986,602

PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

8. Capital Assets

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

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

Capital asset activity for the year ended June 30, 2015 was as follows:

	<i>Restated Balance July 1, 2014</i>	<i>Additions</i>	<i>Disposals</i>	<i>Transfers</i>	<i>Restated Balance June 30, 2015</i>
Land	\$ 7,499,464	\$ -	\$ -	\$ 21,322	\$ 7,520,786
Facilities Improvements	126,491,862	-	-	1,650,023	128,141,885
Equipment	13,158,195	-	(29,761)	158,142	13,286,576
Construction in Process	<u>6,661,160</u>	<u>5,774,817</u>	<u>-</u>	<u>(1,829,487)</u>	<u>10,606,490</u>
	153,810,681	5,774,817	(29,761)	-	159,555,737
Less Accumulated Depreciation	(80,131,374)	(6,222,153)	29,761	-	(86,323,766)
Total Capital Assets	\$ 73,679,307	\$ (447,336)	\$ -	\$ -	\$ 73,231,971

PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

9. Unearned Revenues

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

	2016	2015
Mooring Permits	\$ 238,520	\$ 246,962
Golf Course Membership Fees	209,405	205,265
All Other	149,094	95,534
	\$ 597,019	\$ 547,761

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

10. Revolving Line of Credit Facility

PDA currently has a \$5,000,000 unsecured Revolving Line of Credit Facility ("RLOC") secured through The Provident Bank, which matures December 31, 2016. The terms of the RLOC provide that a) the loan shall bear interest at a per annum rate equal to the thirty (30) day Federal Home Loan Bank (Boston) plus 250 basis points; and b) PDA shall maintain various covenants that are to be reported on periodically. As of June 30, 2016 and 2015, the interest rate was 3.11% and 2.86%, respectively. The proceeds of any draw on the RLOC are to be used for general working capital purposes of PDA. The following table reflects a complete reconciliation of the RLOC for the years ended June 30:

	2016	2015
Amount Outstanding at Beginning of Year	\$ 2,750,000	\$ 2,000,000
Drawdowns	1,000,000	4,250,000
Repayments	(3,750,000)	(3,500,000)
Amount Outstanding at End of Year	\$ -	\$ 2,750,000

11. Due to City of Portsmouth – Waste Water Treatment Facility

In December 2000, the State Water Pollution Control Revolving Fund program's debt outstanding of \$6,444,630 was assigned to COP. A supplemental loan agreement was entered into between the State Water Pollution Control Revolving Fund program and COP in order to finance the construction of the wastewater treatment plant upgrade. In conjunction with the assignment of the debt to COP, a similar portion of the leasehold improvement for the wastewater treatment facility was also transferred to COP. PDA agreed to pay an amount totaling \$2,307,064 to COP. Annual payments plus interest at 4.50% are payable through 2020. Amounts totaling \$465,159 and \$581,448 were outstanding at June 30, 2016 and 2015, respectively. Debt service requirements at June 30, 2016 are as follows:

Year	Principal	Interest	Total
2017	\$ 116,290	\$ 20,764	\$ 137,054
2018	116,290	15,573	131,863
2019	116,290	10,382	126,672
2020	116,289	5,192	121,481
	\$ 465,159	\$ 51,911	\$ 517,070

PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

12. Changes In Long-Term Liabilities

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

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

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<i>Balance July 1, 2014</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30, 2015</i>	<i>Due in One Year</i>
Net Pension Liability	\$ 4,163,828	\$ -	\$ (476,674)	\$ 3,687,154	\$ -
Line of Credit Note The Provident Bank @ 3.11%	1,218,820	-	(1,218,820)	-	-
City of Portsmouth - Waste Water Treatment Facility	697,738	-	(116,290)	581,448	116,290
Line of Credit Note The Provident Bank @ 3.46%	351,103	-	(351,103)	-	-
Compensated Absences- Net	102,032	9,212	-	111,244	-
Advance from Tenant	39,163	-	(26,109)	13,054	13,054
	\$ 6,572,684	\$ 9,212	\$ (2,188,996)	\$ 4,392,900	\$ 129,344

**PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015**

13. Rental of Facilities

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

At June 30, 2016, the projected minimum future revenue from noncancelable rental agreements is approximately:

<i>Year</i>	<i>Amount</i>
2017	\$ 9,542,000
2018	8,489,000
2019	7,765,000
2020	7,617,000
2021	7,193,000
Thereafter	81,580,000
	\$ 122,186,000

14. Municipal Service Fees

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

15. Airport Joint Use Agreement

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

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

PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

16. Risk Management

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

PDA has a comprehensive airport liability insurance policy that will provide coverage generally up to \$25,000,000 for each occurrence and in the aggregate in any one annual period of insurance. Other insurance coverage includes automotive, crime, employment practices, fire, general liability, pollution, theft, and workers' compensation. There have been no significant changes in insurance coverage during the past fiscal year. Settlements did not exceed coverage amounts during fiscal years 2016 and 2015.

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

17. Defined Benefit Pension Plan

Plan Description

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

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

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

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

PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

17. Defined Benefit Pension Plan (continued)

Plan Description (concluded)

with an appropriate graduated reduction based on years and months of creditable service that the member has at the time of retirement.

Contributions Required and Made

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

Commencing July 1, 2011, all Group I employees are responsible to accrue contributions at 7.00% while Group II (Police) employees accrue contributions at a rate of 11.55%.

In terms of the employer share of contributions made to the Retirement Plan, the pension contribution rate for Group I employees was 10.51% for the two-year period ending June 30, 2015. Effective July 1, 2015, the employer share was increased to 10.86% and will remain fixed through June 30, 2017.

For Group II employees, effective July 1, 2015, the contribution rate increased from 21.45% to 22.54% and will remain fixed through June 30, 2017.

For the years ended June 30, 2016 and 2015, contributions to NHRS were \$417,908 and \$360,425, respectively.

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

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

At June 30, 2015, PDA reported a liability of \$3,687,154 for its proportionate share of the net pension liability. The net pension liability is based on an actuarial valuation performed as of June 30, 2013 and a measurement date of June 30, 2014. The net pension liability was rolled forward from June 30, 2013 to June 30, 2014. PDA's proportion of the net pension liability was based on a projection of PDA's long-term share of contributions to NHRS relative to the projected contributions of all participating employers as actuarially determined. At June 30, 2014, PDA's proportion of the net pension liability was 0.0982%.

For the years ended June 30, 2016 and 2015, PDA recognized pension expense of \$358,598 and \$261,369, respectively.

PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

17. Defined Benefit Pension Plan (continued)

Plan Description (continued)

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

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

At June 30, 2015 PDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual investment earnings on pension plan investments	\$ -	\$ 471,774
Changes in proportion and differences between employer contributions and share of contributions	52,412	-
Contributions subsequent to the measurement date	360,425	-
Balances as of June 30, 2015	\$ 412,837	\$ 471,774

Amounts reported as deferred outflows related to pensions resulting from PDA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2017	\$ 1,670
2018	1,670
2019	1,670
2020	126,200
2021	20,092
	\$ 151,302

PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

17. Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2014, using the following actuarial assumptions, which apply to 2015 measurements:

Investment Rate of Return	7.75% net of investment expenses, including inflation
Wage Inflation Rate	3.75 - 3.80% average, including inflation
Price Inflation	3.00%

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2005 - June 30, 2010.

Long-Term Rates of Return

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table present target allocations and the geometric long-term rates of return for 2015 and 2014:

Asset Class	Target Allocation 2014	Target Allocation 2015	Weighted Average Long-Term Expected Real Rate of Return	
			2014	2015
Large Cap Equities	22.50%	22.50%	3.25%	3.00%
Small/Mid Cap Equities	<u>7.50</u>	<u>7.50</u>	3.25	3.00
Total Domestic Equity	30.00	30.00		
International Equities (Unhedged)	13.00	13.00	4.25	4.00
Emerging International Equities	<u>7.00</u>	<u>7.00</u>	6.50	6.00
Total International Equity	20.00	20.00		
Core Bonds	18.00	4.50	(0.47)	(0.70)
Short Duration	-	2.50	-	(1.00)
Global Multi-Sector Fixed Income	-	11.00	-	0.28
Unconstrained Fixed Income	-	7.00	-	0.16
High-Yield Bonds	1.50	-	1.50	-
Global Bonds (Unhedged)	5.00	-	(1.75)	-
Emerging Market Debt (External)	<u>0.50</u>	-	2.00	-
Total Fixed Income	25.00	25.00		
Private Equity	5.00	5.00	5.75	5.50
Private Debt	5.00	5.00	5.00	4.50
Real Estate	10.00	10.00	3.25	3.50
Opportunistic	<u>5.00</u>	<u>5.00</u>	2.50	2.75
Total Alternative Investments	25.00	25.00		
Total	100.00%	100.00%		

**PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015**

17. Defined Benefit Pension Plan (concluded)

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following presents PDA's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what PDA's proportionate share of the pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
PDA's proportionate share of the net pension liability	\$ 5,602,458	\$ 4,255,991	\$ 3,108,119

Pension Plan Fiduciary Net Position

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

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

18. Other Post-Employment Benefits

In addition to providing pension benefits, NHRS administers four cost-sharing multiple-employer defined postemployment medical subsidiary healthcare plans designated in statute by membership type. The four plans are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the "OPEB Plans".

PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

18. Other Post-Employment Benefits (concluded)

RSA 21-I: 30 specifies that the State provide certain health care insurance benefits for retired employees. These benefits include group hospitalization, hospital medical care and surgical care. Substantially all of the State's employees who were hired on or before June 30, 2003 and have 10 years of service, may become eligible for these benefits if they reach normal retirement age while working for the State and receive their pensions on a periodic basis rather than a lump sum. During fiscal year 2004, legislation was passed that requires State Group I employees hired on or after July 1, 2003 to have 20 years of State service in order to qualify for health coverage benefits. These and similar benefits for active employees are authorized by RSA 21-I: 30 and provided through the Employee and Retiree Benefit Risk Management Fund (the "Fund"), which is the State's self-insurance fund implemented in October 2003 for active State employees and retirees.

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

Plan members are not required to contribute to the OPEB Plans. PDA makes annual contributions to the OPEB Plans equal to the amount required by RSA 100-a:52, which was 1.64% of covered compensation during the year ended June 30, 2016 and 1.62% for the year ended June 30, 2015. PDA's contributions to NHRS for the OPEB Plans for the years ended June 30, 2016 and 2015 were \$55,827 and \$55,556, respectively, which were equal to its ARC.

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

19. Commitments and Contingencies

Subsurface Investigation

During site subsurface investigations conducted at the Market Street Terminal (performed, in part, to support storm water system improvements), the PDA-DPH's environmental consultant found several areas of subsurface soils contaminated with significant levels of the heavy metal mercury. Initial investigations reveal that this contamination is most likely associated with a commercial wood preservation process that was located on a portion of the site and probably operated on the site sometime after 1875 and terminated operations before the State acquired title to the property in the 1960's and prior to July 1, 2001 when PDA-DPH operations were transferred from the State to the PDA. The completed study has been submitted to the New Hampshire Department of Environmental Services and management is awaiting its review and comment. As of June 30, 2016, no liability has been recorded for future pollution remediation obligations.

Grant Administration

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

PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

19. Commitments and Contingencies (concluded)

Construction Contracts

PDA had commitments under construction contracts associated with federal grants totaling approximately \$881,000 and \$1,614,000 at June 30, 2016 and 2015, respectively.

Litigation

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

20. Subsequent Events

GASB Statement No. 75

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

NHRS

On July 1, 2016, the Board of Trustees of NHRS announced a change to adopt revised actuarial assumptions based on the results of a five-year experience study conducted by the retirement systems consulting actuary. Included in these changes will be the lowering of the assumed rate of return from 7.75% to 7.25%. This rate will be used in September to set employer contribution rates for fiscal years 2018 and 2019. This information will also be used to determine the June 30, 2017 net pension liability.

Potential Liability

In September 2016, PDA received notice of the Conservation Law Foundation's intent to sue under the Citizen Suit provisions of the Clean Water Act (CWA) and the Resource Conservation and Recovery Act (RCRA), respectively. The CWA Notice alleges that PDA is illegally discharging stormwater from the Pease International Tradeport into the waters of the United States without a National Pollutant Discharge Elimination System permit. The RCRA Notice includes allegations relative to the storage and disposal of perfluorooctanoic acid and perfluorooctanesulfonic acid and contamination to the surface water and ground water. At this time, a lawsuit has not been filed against the PDA. Further, management believes there is presently insufficient information to express any opinion as to the likely outcome of these matters or to otherwise determine their financial impact, if any.

PEASE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016 and 2015

20. Subsequent Events (concluded)

Revolving Line of Credit

On September 15, 2016, PDA's Board of Directors approved a Loan Modification Agreement with The Provident Bank to extend the \$5,000,000 RLOC through December 31, 2017.

21. Prior Period Adjustment

The 2014 financial statements have been restated to expense amounts previously recorded to construction in progress for which management determined that there was no ongoing useful life. The restatement resulted in a decrease to net position of \$599,597 as of June 30, 2015 and 2014.

REQUIRED SUPPLEMENTARY INFORMATION

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**PEASE DEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016, 2015 and 2014**

Schedule of Collective Net Pension Liability

	JUNE 30,		
	2015	2014	2013
Employer Proportion of the Collective Net Pension Liability	0.1074%	0.0982%	0.0967%
Employer's Proportionate Share of the Collective Net Pension Liability	\$ 4,255,991	\$ 3,687,154	\$ 4,163,828
Employer's Covered-Employee Payroll	\$ 3,430,000	\$ 3,029,000	\$ 2,843,000
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered-Employee Payroll	124.08%	121.73%	146.46%
Plan Fiduciary Net Position as a % of the Total Pension Liability	65.47%	66.32%	59.81%

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

Schedule of Employer Contributions

	JUNE 30,			
	2016	2015	2014	2013
Required Employer Contribution	\$ 417,908	\$ 360,425	\$ 318,681	\$ 241,055
Actual Employer Contributions	\$ 417,908	\$ 360,425	\$ 318,681	\$ 241,055
Excess/(Deficiency) of Employer Contributions	\$ -	\$ -	\$ -	\$ -
Employer's Covered Employee Payroll	\$ 3,848,140	\$ 3,430,000	\$ 3,029,000	\$ 2,843,000
Employer Contribution as a % of the Employer's Covered-Employee Payroll	10.86%	10.51%	10.52%	8.48%

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

**PEASE DEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016, 2015 and 2014**

Notes to the Required Supplementary Information

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

Notes: The roll-forward of total pension liability from June 30, 2014 to June 30, 2015 reflects expected service cost and interest reduced by actual benefit payments.

Actuarial determined contribution rates for the 2012-2013 biennium were determined based on the June 30, 2009 actuarial valuation. Actuarial determined contribution rates for the 2014-2015 biennium were determined based on the June 30, 2011 actuarial valuation. Actuarial determined contribution rates for the 2015-2016 biennium were determined based on the June 30, 2013 actuarial valuation.

Pease Development Authority

Reports Required by *Government Auditing
Standards* and Uniform Guidance

Year Ended June 30, 2016



PEASE DEVELOPMENT AUTHORITY
REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND UNIFORM GUIDANCE

Year Ended June 30, 2016

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Pease Development Authority

We have audited, in accordance with U.S. generally accepted auditing and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pease Development Authority (PDA), a component unit of the State of New Hampshire, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise PDA's basic financial statements, and have issued our report thereon dated REPORT DATE.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described under finding 2016-001 in the accompanying schedule of findings and questioned costs, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether PDA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported in accordance with *Government Auditing Standards*.

PDA's Response to Finding

PDA's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. PDA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Manchester, New Hampshire
REPORT DATE



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

Board of Directors
Pease Development Authority

Report on Compliance for the Major Federal Program

We have audited Pease Development Authority's (PDA) compliance with the types of compliance requirements described in the Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2016. PDA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for PDA's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about PDA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of PDA's compliance.

Opinion on the Major Federal Program

In our opinion, PDA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of PDA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered PDA's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of PDA's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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

Board of Directors
Pease Development Authority

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

We have audited the basic financial statements of PDA as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise PDA's basic financial statements. We issued our report thereon dated REPORT DATE, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Manchester, New Hampshire
REPORT DATE

PEASE DEVELOPMENT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>2016 Federal Expenditures</u>
<u>U.S. Department of Commerce:</u>		
Direct:		
Economic Adjustment Assistance: 01-19-63007	11.307	\$ <u>1,191,933</u>
Total U.S. Department of Commerce		<u>1,191,933</u>
<u>U.S. Department of Homeland Security:</u>		
Direct:		
Investments for Public Works and Economic Development Facilities	97.036	121,300
Port Security Grant Program	97.056	<u>17,760</u>
Total U.S. Department of Homeland Security		<u>139,060</u>
<u>U.S. Department of Transportation:</u>		
Direct:		
Airport Improvement Program: 3-33-0016-49-2011	20.106	32,474
Pass-Through State of New Hampshire:		
New Hampshire Department of Transportation:		
Airport Improvement Program:		
SPG-15-04-2012	20.106	13,955
SPG-15-05-2012	20.106	64,151
SPG-16-01-2013	20.106	999
SPG-16-02-2013	20.106	160,387
SPG-16-03-2013	20.106	48,053
Highway Planning and Construction: SPG-15-06-2015	20.205	<u>104,120</u>
Total United States Department of Transportation		<u>424,139</u>
Total Expenditures of Federal Awards		\$ <u>1,755,132</u>

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

PEASE DEVELOPMENT AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Pease Development Authority (PDA) during the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a portion of the operations of PDA, it is not intended to, and does not, present the net position, changes in net position or cash flows of PDA.

2. Summary of Significant Accounting Policies

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

PDA incurred the eligible expenditures for the Investments for Public Works and Economic Development Facilities program during the year ended June 30, 2015. The Federal Emergency Management Agency approved the related project worksheet during the year ended June 30, 2016. As a result, PDA included the eligible expenditures in the Schedule for the year ended June 30, 2016.

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

3. Calculation of Economic Adjustment Assistance Grant Expenditures

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

Balance of revolving loan fund loans outstanding	\$ 1,084,803
Cash and cash equivalent balances	77,625
Administrative expenses paid out during the fiscal year	<u>29,505</u>
	\$ <u>1,191,933</u>

PEASE DEVELOPMENT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

Section I. Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
11.307	U.S. Department of Commerce: Economic Adjustment Assistance

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

Auditee qualified as low-risk auditee? X yes no

PEASE DEVELOPMENT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

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

Finding Number 2016-001

Criteria

Management is responsible for designing, implementing and maintaining effective internal control over financial reporting. When capital asset projects are substantially complete, accounting standards require organizations start depreciating the assets over the useful lives. In addition, construction in process should only include expenditures that will provide an initial useful life expending beyond a single reporting period.

Condition Found and Context

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

Cause and Effect

The schedule of CIP was not being adequately reviewed for completed projects and legal expenses were allowed to be capitalized for one large project. Prior to adjustment, the net position was overstated by approximately \$666,000.

Recommendation

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

PEASE DEVELOPMENT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)

Year Ended June 30, 2016

Views of a Responsible Official and Corrective Action Plan

We concur with the proposed recommendation relative to ensuring that once a capital project is placed 'in-service' that it is then transferred, on a timely basis, from construction in process to the specific capital asset category. We have modified our internal control policies to ensure that 1) routine discussions are held with the capital project manager to best determine an "in-service" date even to the extent of phasing in a capital project when it is substantially complete and 2) depreciation is recognized at the time the asset is placed "in-service".

In regard to the approximately \$600,000 of legal expenses that had been capitalized, these monies were spent over a four year period in support the PDA- Division of Ports and Harbors (PDA-DPH) construction of a Storm Water Management System. The total cost of the project was approximately \$1,925,000 and included costs not only for legal fees but for the shore side installation of new drainage lines and catch basins, the addition of primary storm water treatment devices and the associated costs of permitting and additional environmental investigations and subsurface soil studies and reviews. During this period, we worked jointly with our external auditors and concluded that under Governmental Accounting Standards Board (GASB) Statement 34 these legal costs were in fact "directly attributable to placing the asset into its intended location and condition for use". That said, PDA's management acknowledges that the GASB standard is certainly open to interpretation recognizing that the net result of the prior period adjustment will decrease capital assets and the related net investment in capital assets section of equity, and will not impact the unrestricted net position of the PDA-DPH.

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

None noted.

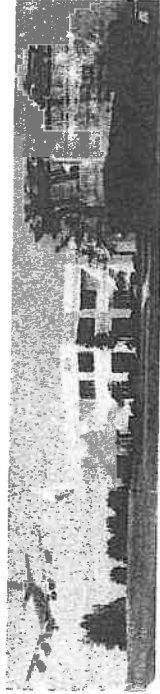
PEASE DEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2016

NONE



**FY 2017 FINANCIAL REPORT
FOR THE TWO MONTH PERIOD
ENDING AUGUST 31, 2016**

**BOARD OF DIRECTORS' MEETING
OCTOBER 20, 2016**



CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES ² FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2016 AND 2015

(\$ 000's)

FY 2017 BUDGET VARIANCE ANALYSIS

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	PRIOR YEAR TO DATE ACTUAL	YEAR TO DATE VARIANCE	CURRENT YEAR BUDGET
OPERATING REVENUES <i>(PAGE #3)</i>	<u>3,062</u>	<u>3,159</u>	<u>(97)</u>	<u>3,036</u>	<u>26</u>	<u>14,250</u>
OPERATING EXPENSES						
PERSONNEL SERVICES AND BENEFITS <i>(PAGE #4 AND #5)</i>	1,142	1,141	1	956	186	5,807
BUILDINGS AND FACILITIES MAINTENANCE	181	369	(188)	293	(112)	2,321
GENERAL AND ADMINISTRATIVE	122	116	6	118	4	722
UTILITIES <i>(PAGE #6)</i>	75	120	(45)	88	(13)	884
PROFESSIONAL SERVICES <i>(PAGE #6)</i>	9	37	(28)	9	-	223
MARKETING AND PROMOTION	24	115	(91)	47	(23)	348
ALL OTHER <i>(PAGE #6)</i>	<u>226</u>	<u>391</u>	<u>(165)</u>	<u>260</u>	<u>(34)</u>	<u>1,171</u>
OPERATING INCOME	<u>1,779</u>	<u>2,289</u>	<u>(510)</u>	<u>1,771</u>	<u>8</u>	<u>11,476</u>
NONOPERATING (INCOME) AND EXPENSE <i>(PAGE #7)</i>	2	15	(13)	16	(14)	89
DEPRECIATION	<u>1,018</u>	<u>1,005</u>	<u>13</u>	<u>1,028</u>	<u>(10)</u>	<u>6,031</u>
NET OPERATING INCOME	<u>263</u>	<u>(150)</u>	<u>413</u>	<u>221</u>	<u>42</u>	<u>(3,346)</u>

OPERATING REVENUES- LOWER BY 3.1%

- LOWER THAN ANTICIPATED FUEL SALES WITHIN THE DPH, OFFSET BY:
 - INCREASED GOLF FEES- DUE TO INCREASE IN ROUNDS PLAYED / WEATHER.
 - INCREASED CONCESSION REVENUES FROM HIGHER GRILL 28 SALES.

OPERATING COSTS- LOWER BY 22.3%

- COMPREHENSIVE FY 2016 YEAR END ACCRUAL PROCESS
- FUEL PROCUREMENT COSTS LOWER DUE TO LOWER DPH FUEL SALES.
- INDIRECT LABOR ALLOCATION TO BUILDINGS AND FACILITIES NOT BUDGETED.

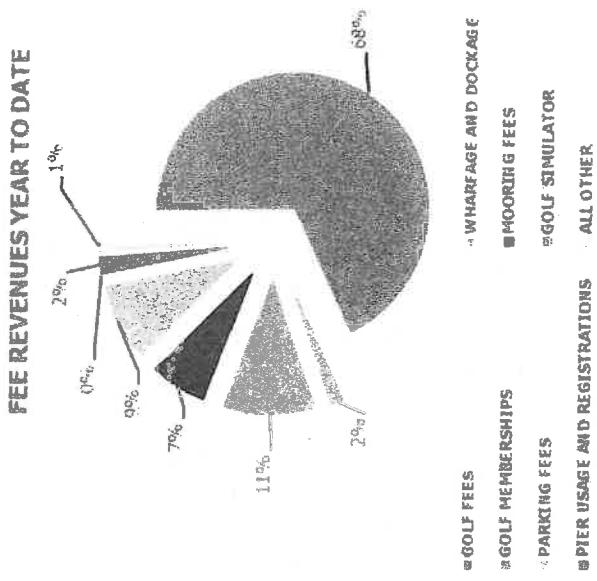
NONOPERATING (INCOME) AND EXPENSES

- INTEREST EXPENSE LOWER DUE TO LESS THAN ANTICIPATED CAPITAL EXPENDITURES.

CONSOLIDATED OPERATING REVENUES FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2016 AND 2015

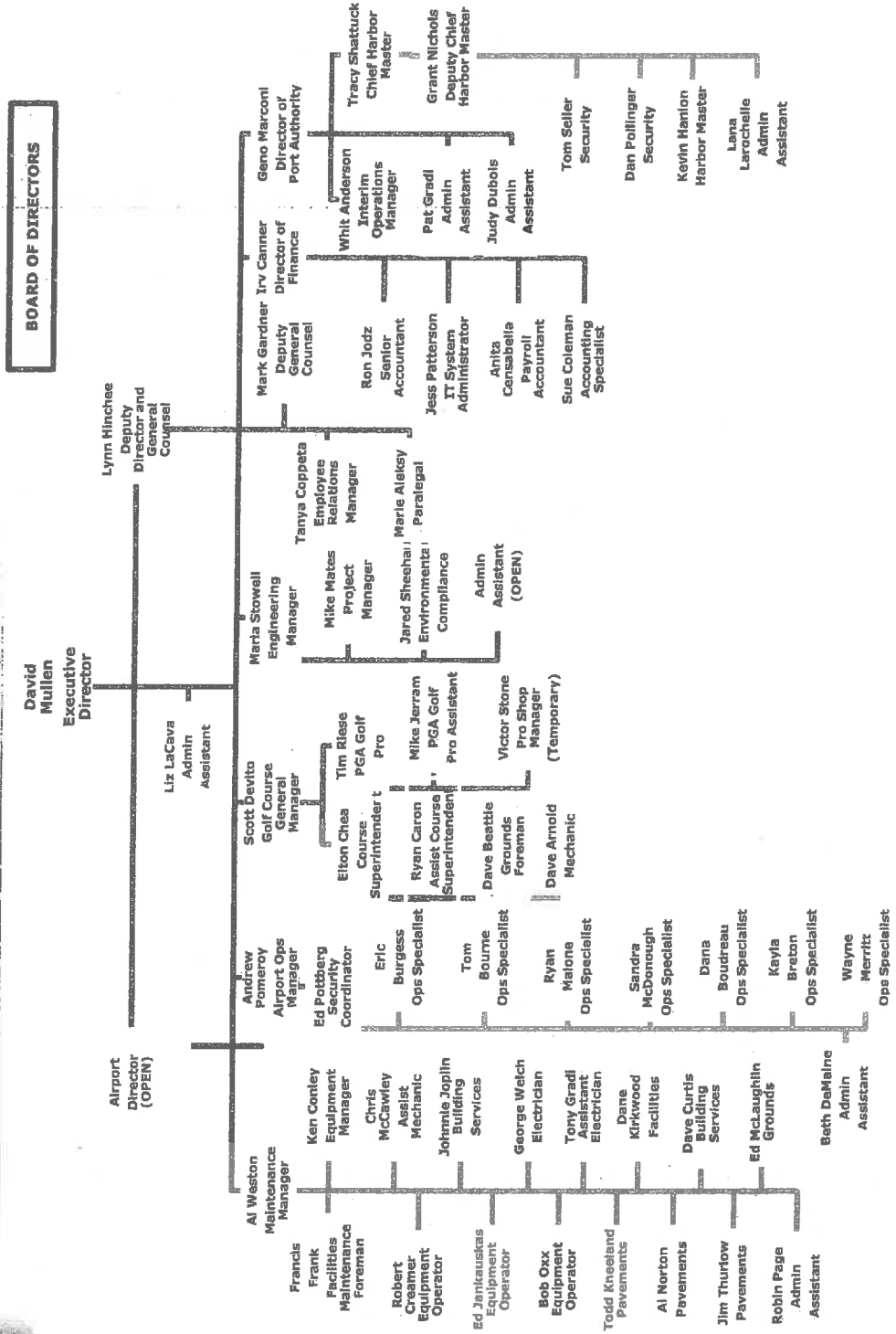
(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	PRIOR YEAR TO DATE ACTUAL	YEAR TO DATE VARIANCE	CURRENT YEAR BUDGET
RENTAL OF FACILITIES	1,765	1,846	(81)	1,785	(20)	9,595
FEE REVENUES (SEE CHART)	783	766	17	765	18	2,910
FUEL SALES (SEE CHART)	239	334	(95)	271	(32)	870
CONCESSION REVENUE	78	83	(5)	64	14	337
GOLF MERCHANDISE	63	53	10	57	6	196
ALL OTHER- NET	<u>134</u>	<u>77</u>	<u>57</u>	<u>94</u>	<u>40</u>	<u>342</u>
	3,062	3,159	(97)	3,036	26	14,250



	ACTUAL SALES	BUDGETED SALES	SALES VARIANCE	ACTUAL COGS	BUDGETED COGS	COGS VARIANCE
SKYHAVEN AIRPORT	21	30	(9)	19	17	2
PORTSMOUTH FISH PIER	105	141	(36)	75	133	(58)
RYE HARBOR	46	79	(33)	33	75	(42)
HAMPTON HARBOR	67	84	(17)	46	79	(33)
	239	334	(95)	173	304	(131)

PEASE DEVELOPMENT AUTHORITY ORGANIZATION CHART- AUGUST 31, 2016



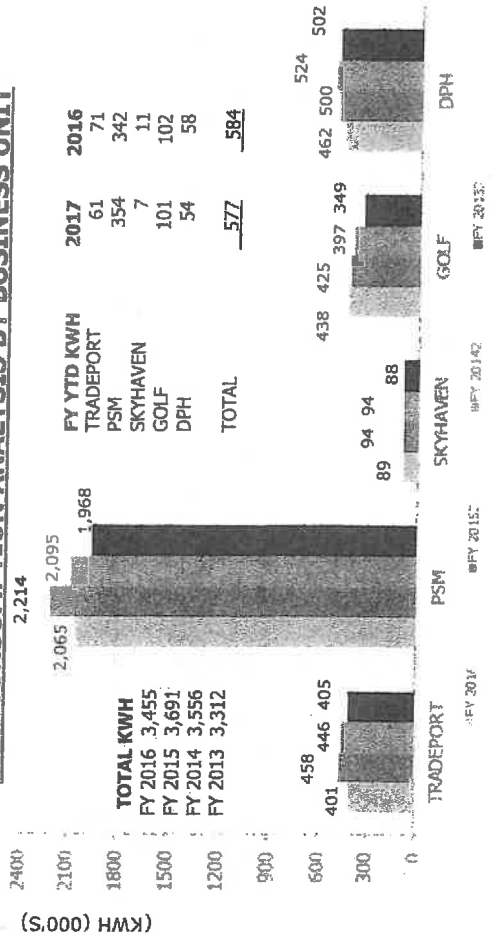
NOTE:
1, EXCLUDES, NON-BENEFITED EMPLOYEES, CONTRACT AND SEASONAL EMPLOYEES.

CONSOLIDATED OTHER OPERATING EXPENSES FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2016 AND 2015

(\$ 000's)

UTILITIES	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	PRIOR YEAR TO DATE ACTUAL	CURRENT YEAR BUDGET	PROFESSIONAL SERVICES	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	PRIOR YEAR TO DATE ACTUAL	CURRENT YEAR BUDGET
ELECTRICITY	41	63	52	449	LEGAL	1	8	-	50
WASTE DISPOSAL	14	23	23	138	INFORMATION TECHNOLOGY	4	13	6	77
NATURAL GAS AND OIL	2	16	2	106	AUDIT	-	12	1	73
PROPANE	3	10	4	62	ALL OTHER- NET	4	4	2	23
WATER	15	8	7	129		9	37	9	223
	<u>75</u>	<u>120</u>	<u>88</u>	<u>884</u>					

KWH CONSUMPTION ANALYSIS BY BUSINESS UNIT



(S.000) (KWH)

CONSOLIDATED NONOPERATING (INCOME) EXPENSE FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2016 AND 2015

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	PRIOR YEAR TO DATE ACTUAL	CURRENT YEAR BUDGET	
INTEREST EXPENSE	3	16	17	92	INTEREST EXPENSE
INTEREST INCOME AND OTHER	(1)	(1)	(1)	(3)	YEAR TO DATE FISCAL BUDGET
(GAIN) / LOSS ON SALE OF ASSETS	-	-	-	-	PROVIDENT BANK
	2	15	16	89	CITY OF PORTSMOUTH
					TOTAL
					3 3 92

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

SUMMARY OF INTERGOVERNMENTAL RECEIVABLES AS OF AUGUST 31, 2016

(\$ 000's)

PROJECT NAME	APPROVAL DATE	TOTAL PROJECT	GRANT AWARD	EXPENDED TO DATE	PDA SHARE	RECEIVED TO DATE	BALANCE DUE PDA	AMOUNT SUBMITTED
TRADEPORT MULTI-USE PATH	11-20-08	802	642	1,171	(243)	903	25	25
PSM PAVEMENT AND DRAIN RESTORA (FAA #54)	07-03-12	105	97	99	(8)	91	-	-
PSM ASR CONSTRUCTION PROJECT (SBG 1602)	04-16-13	2,150	2,044	1,868	(93)	1,766	9	-
PSM PAVEMENT AND DRAINAGE (SBG 1603)	11-06-13	1,310	1,244	1,163	(58)	1,105	-	-
PSM OBSTRUCTION REMOVAL / PERMIT/DESIGN		-	-	91	(91)	-	-	-
PSM RUNWAY 16-34 PRE-DESIGN		-	-	55	(55)	-	-	-
PSM TERMINAL BATHROOM RENOVATIONS		-	-	64	(64)	-	-	-
PSM SECURITY IDENTIFICATION SYSTEM		-	-	136	(136)	-	-	-
SKYHAVEN RUNWAY 15-33 (SBG 05-2012)	06-18-14	3,790	3,601	3,439	(327)	3,102	10	-
SKYHAVEN TAXILANE PAV AND DRAIN (SBG 06-2015)		-	-	116	(6)	110	-	-
SKYHAVEN RUN DESIGN AND RECON (SBG 04-2012)	09-04-13	567	539	530	(27)	495	8	-
							52	25

SUMMARY OF CONSTRUCTION WORK IN PROGRESS AS OF AUGUST 31, 2016

(\$ 000's)

PROJECT NAME	BALANCE AT 06-30-16	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-16
PORTSMOUTH AIRPORT					
PSM TERMINAL BATHROOM RENOVATIONS (FAA- TBD)	64	-	-	-	64
PSM OBSTRUCTION PERMITTING AND DESIGN (FAA-TBD)	2	89	-	89	91
PSM RUNWAY 16-34 PRE-DESIGN (FAA- TBD)	53	2	-	2	55
PSM LIGHTING AND SOFTWARE UPGRADE	45	-	45	(45)	-
PSM ATCT PARTIAL DEMO AND REROOFING	40	7	-	7	47
PSM SECURITY IDENTIFICATION SYSTEM	71	65	-	65	136
	<u>275</u>	<u>163</u>	<u>45</u>	<u>118</u>	<u>393</u>

SUMMARY OF CONSTRUCTION WORK IN PROGRESS AS OF AUGUST 31, 2016 (CONTINUED):

(\$ 000's)

PROJECT NAME	BALANCE AT 06-30-16	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-16
SKYHAVEN AIRPORT					
RUNWAY 15-33 RECONSTRUCT-MARKING AND SIGNAGE (SBG 05-2012)	-	10	-	10	10
RUNWAY DESIGN AND RECONSTRUCTION (SBG 04-2012)	-	6	-	6	6
TAXILANE PAVEMENT AND DRAINAGE (SBG 06-2015)	116	-	-	-	116
	<u>116</u>	<u>16</u>	<u>-</u>	<u>16</u>	<u>132</u>
MAINTENANCE					
ELECTRICIAN VAN	-	65	65	-	-
DUMP TRUCK BODY	6	-	-	-	6
	<u>6</u>	<u>65</u>	<u>65</u>	<u>-</u>	<u>6</u>

SUMMARY OF CONSTRUCTION WORK IN PROGRESS AS OF AUGUST 31, 2016 (CONTINUED):

(\$ 000's)

PROJECT NAME	BALANCE AT 06-30-16	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-16
GOLF COURSE					
CLUBHOUSE EXPANSION (DESIGN ONLY)	64	-	-	-	64
SIMULATOR EQUIPMENT	-	13	-	13	13
	<u>64</u>	<u>13</u>		<u>13</u>	<u>77</u>
ADMINISTRATION					
	-	-	-	-	-

SUMMARY OF CONSTRUCTION WORK IN PROGRESS AS OF AUGUST 31, 2016 (CONTINUED):

(\$ 000's)

PROJECT NAME	BALANCE AT 06-30-16	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-16
TRADEPORT					
INTERSECTION AND INFRASTRUCTURE IMPROVEMENTS	31	-	-	-	31
LEE STREET HVAC UPGRADE	26	-	-	-	26
	<u>57</u>	=	=	=	<u>57</u>

SUMMARY OF CONSTRUCTION WORK IN PROGRESS AS OF AUGUST 31, 2016 (CONTINUED):

(\$ 000's)

PROJECT NAME	BALANCE AT 06-30-16	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-16
DIVISION OF PORTS AND HARBORS					
WATER QUALITY IMPROVEMENT	-	-	-	-	-
TIGER GRANT APPLICATION (2016)	9	(9)	-	(9)	-
INSTALL EMERGENCY CALL BOXES	6	3	-	3	9
REPLACE FENDER PILES- PSF	-	12	-	12	12
	<u>15</u>	<u>6</u>	<u>-</u>	<u>6</u>	<u>21</u>
TOTAL	<u>533</u>	<u>263</u>	<u>110</u>	<u>153</u>	<u>686</u>

LONG TERM LIABILITIES AS OF AUGUST 31, 2016

(\$ 000's)

SCHEDULE OF DEBT SERVICE REPAYMENT

THIS SCHEDULE IS SUBJECT TO THE PROVISIONS OF THE CITY OF PORTSMOUTH'S DEBT REPAYMENT PLAN.

DEBT HOLDER / INTEREST RATE	CURRENT PORTION	LONG TERM PORTION	TOTAL AMOUNT DUE
CITY OF PORTSMOUTH- WATER POLLUTION CONTROL NOTE @ 4.50%	116	349	465
TOTAL	<u>116</u>	<u>349</u>	<u>465</u>

FISCAL YEAR	CITY OF PORTSMOUTH @ 4.50%
2017	116
2018	116
2019	116
2020	117
PAID IN FY 2017	465
TOTAL	<u>465</u>

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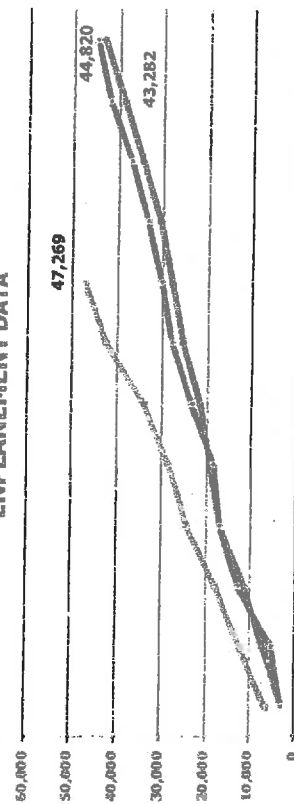
STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2016 PORTSMOUTH AIRPORT

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	YEAR TO DATE VARIANCE	FISCAL YEAR BUDGET	PRIOR YEAR TO DATE ACTUAL
OPERATING REVENUES	154	169	(15)	960	137
FACILITIES RENT	113	108	5	585	103
CARGO AND HANGARS	30	27	3	161	26
CONCESSION REVENUES	2	1	1	7	5
FEE REVENUES	-	24	(24)	156	-
ALL OTHER	9	9	0	51	3
	154	169		960	137
OPERATING EXPENSES					
PERSONNEL SERVICES AND BENEFITS	157	176	(19)	1,007	139
BUILDINGS AND FACILITIES MAINTENANCE	51	201	(150)	1,247	140
GENERAL AND ADMINISTRATIVE	24	24	-	145	26
UTILITIES	26	44	(18)	344	28
PROFESSIONAL SERVICES	-	-	-	-	-
MARKETING AND PROMOTION	-	3	(3)	19	3
ALL OTHER	-	-	-	-	-
	258	448	(190)	2,762	336
OPERATING INCOME	(104)	(279)	175	(1,802)	(199)
NONOPERATING (INCOME) AND EXPENSE					
DEPRECIATION	616	633	(17)	3,800	648
NET OPERATING INCOME	(720)	(912)	192	(5,602)	(847)

(s.000 \$)

ENPLANEMENT DATA



YEAR TO DATE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2016								47,269				
2015								27,907				
2014												



STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2016 SKYHAVEN AIRPORT

(\$ 000's)

OPERATING REVENUES	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	PRIOR YEAR TO DATE ACTUAL
CARGO AND HANGARS	22	22	24
FUEL SALES	21	30	30
ALL OTHER	-	-	-
	43	52	54

(\$,000 \$)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	YEAR TO DATE VARIANCE	FISCAL YEAR BUDGET	PRIOR YEAR TO DATE ACTUAL
OPERATING REVENUES	43	52	(9)	251	54
OPERATING EXPENSES					
PERSONNEL SERVICES AND BENEFITS	6	8	(2)	46	5
BUILDINGS AND FACILITIES MAINTENANCE	3	14	(11)	85	2
GENERAL AND ADMINISTRATIVE	4	6	(2)	36	5
UTILITIES	2	5	(3)	32	2
PROFESSIONAL SERVICES	1	1	-	5	1
MARKETING AND PROMOTION	-	-	-	-	-
ALL OTHER- FUEL	19	17	2	102	22
OPERATING INCOME	35	51	(16)	306	37
NONOPERATING (INCOME) AND EXPENSE	8	1	7	(55)	17
DEPRECIATION	52	48	4	290	36
NET OPERATING INCOME	(44)	(47)	3	(345)	(19)

GALLONS OF FUEL SOLD	CURRENT MONTH	YEAR TO DATE	TOTAL YEAR	YTD AVE PRICE
FY 2016	3,520	6,816	26,851	4.04
FY 2017	3,271	5,171	5,171	4.03

NET CASH FLOW	OPERA	CAPITAL EXPEND	DEBT REPAY	GRANT FUNDS	TOTAL
FY 2017	8	(16)	-	21	13
FY 2016	(53)	(193)	-	451	205
FY 2015	(109)	(3,392)	-	2,834	(667)
FY 2009-2014	(582)	(1,085)	(100)	769	(998)
	(736)	(4,686)	(100)	4,075	(1,447)

(\$,000 \$)

STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2016 TRADEPORT

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	YEAR TO DATE VARIANCE	FISCAL YEAR BUDGET	PRIOR YEAR TO DATE ACTUAL
OPERATING REVENUES	<u>1,565</u>	<u>1,617</u>	<u>(52)</u>	<u>8,208</u>	<u>1,561</u>
RENTAL OF FACILITIES	1,491	1,579	8,062	1,519	
ALL OTHER	74	38	146	42	
	<u>1,565</u>	<u>1,617</u>	<u>8,208</u>	<u>1,561</u>	
OPERATING EXPENSES					
PERSONNEL SERVICES AND BENEFITS	27	59	(32)	389	58
BUILDINGS AND FACILITIES MAINTENANCE	8	8	-	47	8
GENERAL AND ADMINISTRATIVE	6	24	(18)	145	10
UTILITIES	-	-	-	-	-
PROFESSIONAL SERVICES	-	68	(68)	68	20
MARKETING AND PROMOTION	-	23	(23)	140	-
ALL OTHER	41	182	(141)	789	96
OPERATING INCOME	<u>1,524</u>	<u>1,435</u>	<u>89</u>	<u>7,419</u>	<u>1,465</u>
NONOPERATING (INCOME) AND EXPENSE					
DEPRECIATION	136	136	-	816	152
NET OPERATING INCOME	<u>1,388</u>	<u>1,299</u>	<u>89</u>	<u>6,603</u>	<u>1,313</u>

(\$,000 \$)

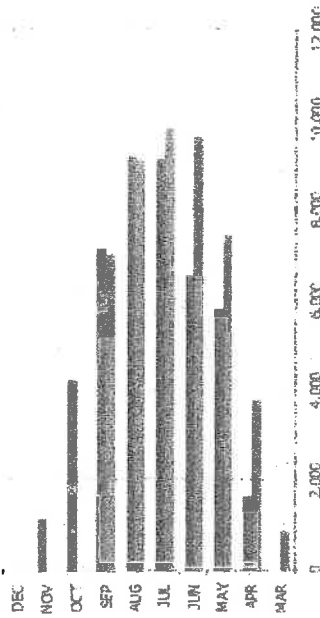
STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2016 GOLF COURSE

(\$ 000's)

	YEAR TO DATE		YEAR TO DATE VARIANCE	FISCAL YEAR		PRIOR YEAR TO DATE ACTUAL	OPERATING REVENUES		YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	FISCAL YEAR BUDGET	PRIOR YEAR TO DATE
	ACTUAL	BUDGET		BUDGET	BUDGET		ACTUAL	BUDGET				
OPERATING REVENUES	<u>762</u>	<u>681</u>	<u>81</u>	<u>2,331</u>	<u>722</u>				71	78	324	54
OPERATING EXPENSES												
PERSONNEL SERVICES AND BENEFITS	206	202	4	934	183		CONCESSION REVENUES	533	462	1,357	522	
BUILDINGS AND FACILITIES MAINTENANCE	83	59	24	325	75		FEE REVENUES					
GENERAL AND ADMINISTRATIVE	36	30	6	157	36		GOLF FEES	86	83	320	84	
UTILITIES	24	21	3	212	19		MEMBERSHIPS	-	-	119	-	
PROFESSIONAL SERVICES	1	2	(1)	9	1		SIMULATOR	7	6	15	5	
MARKETING AND PROMOTION	17	7	10	41	8		GOLF LESSONS	<u>626</u>	<u>551</u>	<u>1,811</u>	<u>611</u>	
ALL OTHER	53	65	(12)	224	55		MERCHANDISE AND OTHER	65	52	196	57	
OPERATING INCOME	<u>342</u>	<u>295</u>	<u>47</u>	<u>429</u>	<u>345</u>			762	681	2,331	722	
NONOPERATING (INCOME) AND EXPENSE							BUSINESS UNIT ANALYSIS					
DEPRECIATION	67	65	2	389	66		PRO SHOP	64	627	71	-	762
NET OPERATING INCOME	<u>275</u>	<u>230</u>	<u>45</u>	<u>40</u>	<u>279</u>		COURSE OPERA	41	328	42	9	420
							OPERATING REVENUES					
							OPERATING EXPENSES (EXCLUDING DEPRECIATION)					
							NET OPERATING INCOME	<u>23</u>	<u>299</u>	<u>29</u>	<u>(9)</u>	<u>342</u>

KEY GOLF COURSE BENCHMARKING DATA AS OF SEPTEMBER 30, 2016

ROUNDS OF GOLF PLAYED (SEASON)

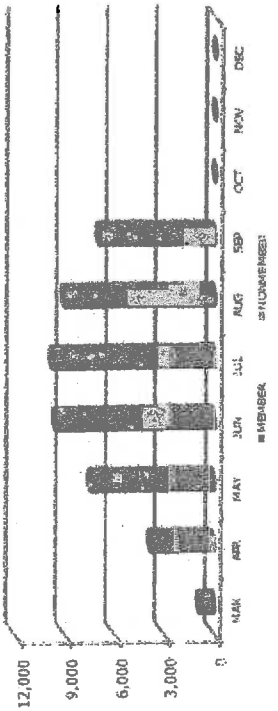


2016 YTD	2015 YTD	2015 SEASON
48,089	45,181	52,110

ROUNDS PLAYED	2016 YTD	2015 YTD
48,089	45,181	52,110

RAIN DAYS	2016 YTD	2015 YTD
44	40	44

2016 MEMBER / NONMEMBER ROUNDS (SEASON)



GOLF SIMULATOR REVENUES

Month	FY 2017	FY 2016
JULY	\$ 148	\$ -
AUGUST	64	-
SEPTEMBER	-	345
OCTOBER	-	2,726
NOVEMBER	-	10,176
DECEMBER	-	14,417
JANUARY	-	24,246
FEBRUARY	-	26,504
MARCH	-	17,720
APRIL	-	6,002
MAY	-	963
JUNE	-	102
TOTAL	\$ 212	\$ 103,201

BAR AND GRILL GROSS SALES

Month	FY 2017	FY 2016
JULY	\$ 183,674	\$ 176,459
AUGUST	191,472	185,715
SEPTEMBER	160,353	166,667
OCTOBER	-	113,551
NOVEMBER	-	70,077
DECEMBER	-	105,175
JANUARY	-	84,682
FEBRUARY	-	81,582
MARCH	-	97,403
APRIL	-	106,478
MAY	-	155,744
JUNE	-	205,159
TOTAL	\$ 535,499	\$ 1,548,692

2016 ROUNDS- SEASON
MEMBER 14,812
NONMEMBER 33,277
TOTAL 48,089

2015 ROUNDS- SEASON
MEMBER 12,794
NONMEMBER 32,387
TOTAL 45,181

CLUB / COURSE FUNCTIONS

Function	FY 2017 YTD	FY 2016 YTD
GROUPS 12-40	31,012	31,754
TOURNAMENT PLAY	100,038	95,010
LEAGUES	43,083	41,633
FOOD AND ROOM FEES	72,437	103,193

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**STATEMENT OF OPERATIONS FOR THE TWO MONTH
PERIOD ENDING AUGUST 31, 2016
PORT AUTHORITY OF NEW HAMPSHIRE (UNRESTRICTED)**

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	YEAR TO DATE VARIANCE	FISCAL YEAR BUDGET	PRIOR YEAR TO DATE ACTUAL	OPERATING REVENUES	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	FISCAL YEAR BUDGET	PRIOR YEAR TO DATE ACTUAL
OPERATING REVENUES	<u>517</u>	<u>622</u>	<u>(105)</u>	<u>2,351</u>	<u>540</u>	FACILITY RENTALS	109	109	652	107
OPERATING EXPENSES						CONCESSION REVENUE	5	4	6	5
PERSONNEL SERVICES AND BENEFITS	203	173	30	1,036	194	FEE REVENUE				
BUILDINGS AND FAC AND MAINTENANCE	15	19	(4)	167	13	MOORING FEES	53	56	335	55
GENERAL AND ADMINISTRATIVE	29	17	12	150	19	PARKING	72	67	114	71
UTILITIES	19	26	(6)	154	29	REGISTRATIONS	7	-	170	9
PROFESSIONAL SERVICES	-	4	(4)	26	-	WHARF / DOCK	<u>12</u>	<u>58</u>	<u>225</u>	<u>9</u>
MARKETING AND PROMOTION	-	-	-	2	-	FUEL SALES	<u>144</u>	<u>181</u>	<u>844</u>	<u>144</u>
ALL OTHER - FUEL	154	286	(132)	705	182	ALL OTHER	218	304	750	241
	<u>420</u>	<u>525</u>	<u>(105)</u>	<u>2,240</u>	<u>437</u>	TOTAL	<u>517</u>	<u>622</u>	<u>2,351</u>	<u>540</u>
OPERATING INCOME	<u>97</u>	<u>97</u>	<u>-</u>	<u>111</u>	<u>103</u>	HAMPTON HARBOR	108	109	137	60
NONOPERATING (INCOME) AND EXPENSE	-	-	-	-	-	RYE HARBOR	102	109	137	60
DEPRECIATION	122	101	21	606	100	PORTSMOUTH FISH PIER	89	89	56	74
NET OP INCOME	<u>(25)</u>	<u>(4)</u>	<u>(21)</u>	<u>(495)</u>	<u>3</u>	NET OP INC	<u>30</u>	<u>20</u>	<u>81</u>	<u>(14)</u>
						HARBOR MANAG	<u>45</u>	<u>20</u>	<u>81</u>	<u>(65)</u>
						ADMIN				

STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2016 PORT AUTHORITY OF NEW HAMPSHIRE (RESTRICTED)

	YEAR TO DATE ACTUAL		YEAR TO DATE BUDGET		YEAR TO DATE VARIANCE		FISCAL YEAR BUDGET		PRIOR YEAR TO DATE ACTUAL	
	12	11	1	1	107	107	107	107	5	6
HARBOR DREDGING										
OPERATING REVENUES										
OPERATING EXPENSES										
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES MAINTENANCE	-	8	(8)	-	50	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-	-	-	1	-	-
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	-	-	-	-	-	-	-	-	-	-
MARKETING AND PROMOTION	-	-	-	-	-	-	1	8	(1)	-
ALL OTHER	-	-	-	-	-	-	-	-	-	-
OPERATING INCOME	12	3	9	9	57	10	57	(4)	9	6
NONOPERATING (INCOME) AND EXPENSE										
DEPRECIATION	11	6	5	5	38	2	38	-	-	-
NET OPERATING INCOME	1	(3)	4	4	19	8	19	(4)	(4)	6

(\$ 000's)

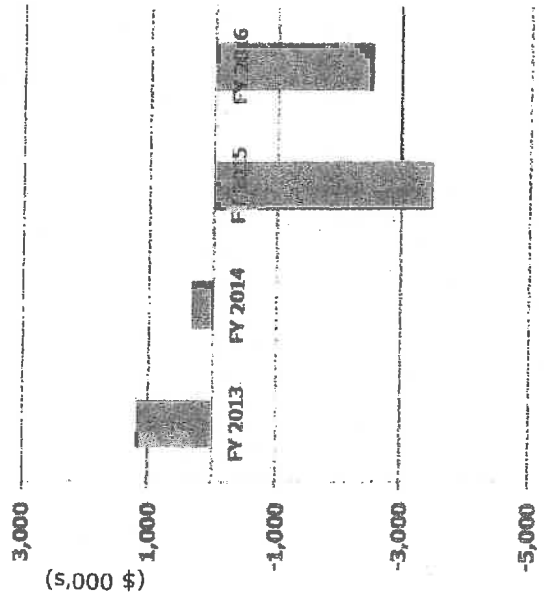
PEASE DEVELOPMENT AUTHORITY STATEMENT OF NET POSITION *(EXCLUDING PORT AUTHORITY OF NEW HAMPSHIRE)*

(\$ 000's)

DISCUSSION AND ANALYSIS

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

NET UNRESTRICTED POSITION AT JUNE 30



	AUG 31 2016	JUN 30 2016	AUG 31 2016	JUN 30 2016
ASSETS				
CURRENT ASSETS				
CASH AND EQUIVALENTS	2,168	1,033	1,364	1,302
ACCOUNTS RECEIVABLE- NET	420	521	334	269
OTHER ASSETS	379	434	163	318
TOTAL CURRENT ASSETS	2,967	1,988	1,166	1,166
RESTRICTED ASSETS				
CASH AND EQUIVALENTS	-	-	1,977	2,005
ACCOUNTS RECEIVABLES- NET	-	-	3,368	3,368
TOTAL RESTRICTED ASSETS	-	-	5,778	5,722
CAPITAL ASSETS				
LAND, BUILDINGS AND EQUIPMENT	56,396	57,174	161	161
CONSTRUCTION IN PROCESS <i>(PAGES #10-#14)</i>	666	518	56,262	56,957
OTHER- LT RECEIVABLE	-	-	-	-
TOTAL ASSETS	60,028	59,679	54,710	54,420
DEFERRED OUTFLOWS OF RESOURCES	623	623	(1,552)	(2,537)
PENSION				
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE				
ACCOUNTS PAYABLE- CONSTRUCTION				
UNEARNED REVENUE				
REVOLVING LOC FACILITY				
CURRENT PORTION- LT LIABILITIES				
TOTAL CURRENT LIABILITIES	1,977		1,977	2,005
NONCURRENT LIABILITIES				
NET PENSION LIABILITY	3,368		3,368	3,368
OTHER LT LIABILITIES	433		433	349
TOTAL LIABILITIES	3,801		5,778	5,722
DEFERRED INFLOWS OF RESOURCES				
PENSION				
NET POSITION	161		161	161
NET INVESTMENT IN CAPITAL ASSETS				
RESTRICTED FOR:				
REVOLVING LOAN FUND				
HARBOR DREDGING				
FOREIGN TRADE ZONE				
UNRESTRICTED				
TOTAL NET POSITION	54,710	54,420	(1,552)	(2,537)

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

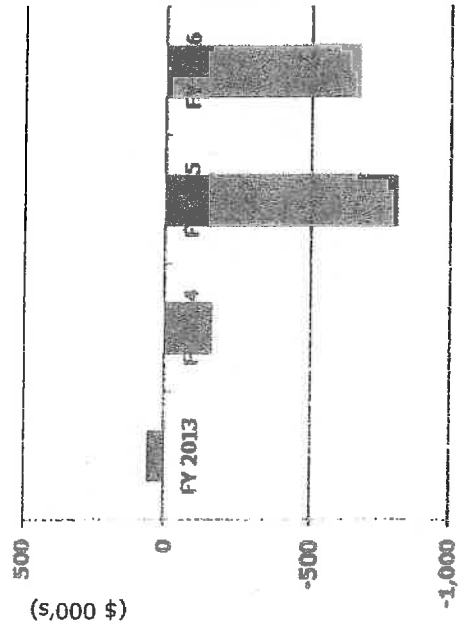
(\$ 000's)

	AUG 31 2016	JUN 30 2016	AUG 31 2016	JUN 30 2016
ASSETS				
CURRENT ASSETS				
CASH AND EQUIVALENTS	824	680	466	395
ACCOUNTS RECEIVABLE- NET	37	68	-	4
OTHER ASSETS	31	33	196	279
TOTAL CURRENT ASSETS	892	781	662	678
RESTRICTED ASSETS				
CASH AND EQUIVALENTS	-	-	-	-
ACCOUNTS RECEIVABLES- NET	-	-	-	-
TOTAL RESTRICTED ASSETS	-	-	888	888
CAPITAL ASSETS				
LAND, BUILDINGS AND EQUIPMENT	10,069	10,191	46	46
CONSTRUCTION IN PROCESS (PAGES #10-#14)	-	9	207	888
TOTAL ASSETS	10,069	10,200	1,569	1,566
DEFERRED OUTFLOWS OF RESOURCES				
PENSION	10,962	10,981	-	-
TOTAL NET POSITION	153	153	569	(674)
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	-	-	-	-
ACCOUNTS PAYABLE- CONSTRUCTION	-	-	-	-
UNEARNED REVENUE	-	-	-	-
REVOLVING LOC FACILITY	-	-	-	-
CURRENT PORTION- LT LIABILITIES	-	-	-	-
TOTAL CURRENT LIABILITIES	662	662	888	888
NONCURRENT LIABILITIES				
NET PENSION LIABILITY	-	-	19	-
OTHER LT LIABILITIES	-	-	-	-
TOTAL LIABILITIES	662	662	907	888
DEFERRED INFLOWS OF RESOURCES				
PENSION	-	-	-	-
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	10,069	10,196	-	-
RESTRICTED FOR:				
REVOLVING LOAN FUND	-	-	-	-
HARBOR DREDGING	-	-	-	-
FOREIGN TRADE ZONE	-	-	-	-
UNRESTRICTED	-	-	-	-
TOTAL NET POSITION	9,500	9,522	(569)	(674)

DISCUSSION AND ANALYSIS

- CONTINUED FINANCIAL OBLIGATION TO SUPPORT UNREIMBURSED CAPITAL PROJECTS HAS DETERIORATED FINANCIAL STRUCTURE AND MAY CHALLENGE CURRENT SERVICE LEVELS.
- \$ 1.9 MILLION IN STORM WATER MANAGEMENT SYSTEM MODIFICATION AND IMPROVEMENT PROJECT COSTS IN PAST THREE FISCAL YEARS. THE PIER EXPANSION FUND HAS PROVIDED \$1.0 MILLION IN MONIES WHILE \$0.9 MILLION HAS BEEN ABSORBED BY UNRESTRICTED FUND BALANCES.

**NET UNRESTRICTED POSITION
AT JUNE 30**



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

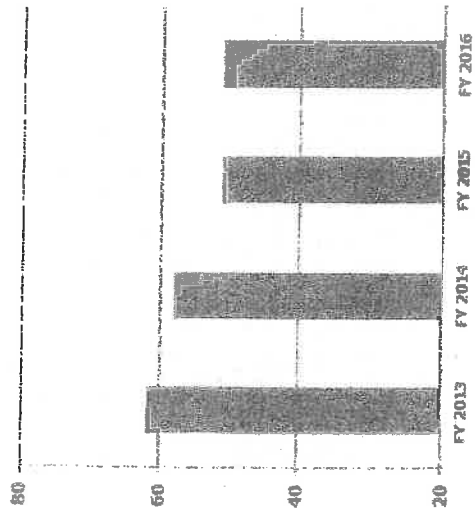
(\$ 000's)

	AUG 31 2016	JUN 30 2016	AUG 31 2016	JUN 30 2016
ASSETS				
CURRENT ASSETS				
CASH AND EQUIVALENTS	-	-	-	-
ACCOUNTS RECEIVABLE- NET	-	-	-	-
OTHER ASSETS	-	-	-	-
TOTAL CURRENT ASSETS	-	-	-	-
RESTRICTED ASSETS				
CASH AND EQUIVALENTS	51	51	51	51
ACCOUNTS RECEIVABLES- NET	-	-	-	-
TOTAL RESTRICTED ASSETS	51	51	51	51
CAPITAL ASSETS				
LAND, BUILDINGS AND EQUIPMENT	-	-	-	-
CONSTRUCTION IN PROCESS (PAGES #10-#14)	-	-	-	-
TOTAL ASSETS	51	51	51	51
DEFERRED OUTFLOWS OF RESOURCES				
PENSION	-	-	-	-
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	-	-	-	-
ACCOUNTS PAYABLE- CONSTRUCTION	-	-	-	-
UNEARNED REVENUE	-	-	-	-
REVOLVING LOC FACILITY	-	-	-	-
CURRENT PORTION- LT LIABILITIES	-	-	-	-
TOTAL CURRENT LIABILITIES	-	-	-	-
NONCURRENT LIABILITIES				
NET PENSION LIABILITY	-	-	-	-
OTHER LT LIABILITIES	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
PENSION	-	-	-	-
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	-	-	-	-
RESTRICTED FOR:				
REVOLVING LOAN FUND	-	-	-	-
HARBOR DREDGING	-	-	-	-
FOREIGN TRADE ZONE	51	51	51	51
UNRESTRICTED	-	-	-	-
TOTAL NET POSITION	51	51	51	51

DISCUSSION AND ANALYSIS

- STEADY STATE WITH NO INDICATION OF FINANCIAL CHALLENGES.
- DURING FY 2016 WESTINGHOUSE ELECTRIC SUSPENDED THEIR PARTICIPATION IN FTZ

**NET RESTRICTED POSITION
AT JUNE 30**



(\$,000)

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

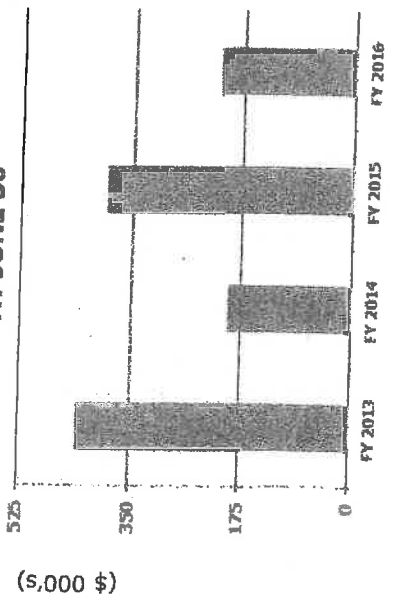
(\$ 000's)

	AUG 31 2016	JUN 30 2016	AUG 31 2016	JUN 30 2016
ASSETS				
CURRENT ASSETS				
CASH AND EQUIVALENTS	-	-	-	-
ACCOUNTS RECEIVABLE- NET	-	-	3	6
OTHER ASSETS	-	-	-	-
TOTAL CURRENT ASSETS	-	-	3	6
RESTRICTED ASSETS				
CASH AND EQUIVALENTS	458	473	458	476
ACCOUNTS RECEIVABLES- NET	-	3	-	-
TOTAL RESTRICTED ASSETS	<u>458</u>	<u>476</u>	<u>458</u>	<u>476</u>
CAPITAL ASSETS				
LAND, BUILDINGS AND EQUIPMENT	681	692	681	692
CONSTRUCTION IN PROCESS (PAGES #10-#14)	21	6	21	6
TOTAL ASSETS	<u>702</u>	<u>998</u>	<u>702</u>	<u>998</u>
DEFERRED OUTFLOWS OF RESOURCES				
PENSION	-	-	206	211
TOTAL NET POSITION	<u>905</u>	<u>903</u>	<u>905</u>	<u>903</u>
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	252	-	252	265
ACCOUNTS PAYABLE- CONSTRUCTION	3	-	3	6
UNEARNED REVENUE	-	-	-	-
REVOLVING LOC FACILITY	-	-	-	-
CURRENT PORTION- LT LIABILITIES	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>255</u>	<u>271</u>	<u>255</u>	<u>271</u>
NONCURRENT LIABILITIES				
NET PENSION LIABILITY	-	-	-	-
OTHER LT LIABILITIES	-	-	-	-
TOTAL LIABILITIES	<u>255</u>	<u>271</u>	<u>255</u>	<u>271</u>
DEFERRED INFLOWS OF RESOURCES				
PENSION	-	-	-	-
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	699	692	699	692
RESTRICTED FOR: REVOLVING LOAN FUND HARBOR DREDGING FOREIGN TRADE ZONE UNRESTRICTED	-	-	-	-
TOTAL NET POSITION	<u>905</u>	<u>903</u>	<u>905</u>	<u>903</u>

DISCUSSION AND ANALYSIS

- CONTINUED FINANCIAL OBLIGATION TO SUPPORT UNREIMBURSED CAPITAL PROJECTS OR REPAIRS AND MAINTENANCE FOR PORT OPERATIONS.
- FY 2011- HAMPTON HARBOR \$ 140
- FY 2012- SEABROOK / HAMPTON 200
- FY 2013- TURNING BASIN 128
- FY 2014- TURNING BASIN 12
- SOUTH ACCESS BRIDGE 384
- FY 2015
- GROUND TRUCK SCALE 78
- ALL OTHER 25
- FY 2016
- TRUCK SCALE 40
- ALL OTHER 18

**NET RESTRICTED POSITION
AT JUNE 30**



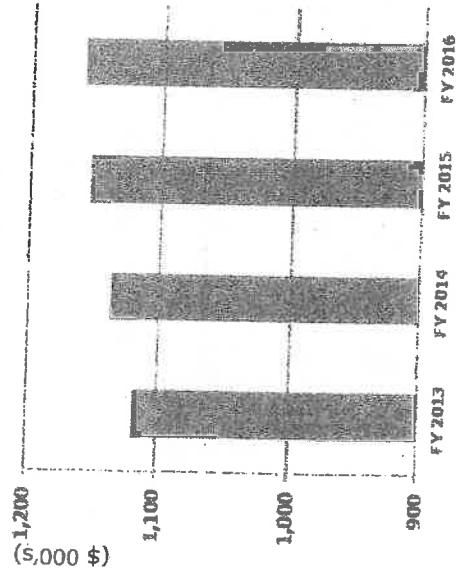
PORT AUTHORITY OF NEW HAMPSHIRE STATEMENT OF NET POSITION- REVOLVING LOAN

(\$ 000's)

DISCUSSION AND ANALYSIS

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

NET RESTRICTED POSITION AT JUNE 30



	AUG 31 2016	JUN 30 2016	AUG 31 2016	JUN 30 2016
ASSETS				
CURRENT ASSETS				
CASH AND EQUIVALENTS	-	-	-	-
ACCOUNTS RECEIVABLE- NET	-	-	-	-
OTHER ASSETS	-	-	-	-
TOTAL CURRENT ASSETS	-	-	-	-
RESTRICTED ASSETS				
CASH AND EQUIVALENTS	106	78	106	78
ACCOUNTS RECEIVABLE- NET	1,060	1,084	1,060	1,084
TOTAL RESTRICTED ASSETS	1,166	1,162	1,166	1,162
CAPITAL ASSETS				
LAND, BUILDINGS AND EQUIPMENT	-	-	-	-
CONSTRUCTION IN PROCESS (PAGES #10-#14)	-	-	-	-
TOTAL ASSETS	1,166	1,162	1,166	1,162
DEFERRED OUTFLOWS OF RESOURCES				
PENSION	-	-	-	-
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	2	-	2	-
ACCOUNTS PAYABLE- CONSTRUCTION	-	-	-	-
UNEARNED REVENUE	-	-	-	-
REVOLVING LOC FACILITY	-	-	-	-
CURRENT PORTION- LT LIABILITIES	-	-	-	-
TOTAL CURRENT LIABILITIES	2	-	2	-
NONCURRENT LIABILITIES				
NET PENSION LIABILITY	-	-	-	-
OTHER LT LIABILITIES	-	-	-	-
TOTAL LIABILITIES	2	-	2	-
DEFERRED INFLOWS OF RESOURCES				
PENSION	-	-	-	-
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	-	-	-	-
RESTRICTED FOR:				
REVOLVING LOAN FUND	1,164	-	1,164	-
HARBOR DREDGING	-	-	-	-
FOREIGN TRADE ZONE	-	-	-	-
UNRESTRICTED	-	-	-	-
TOTAL NET POSITION	1,164	1,159	1,164	1,159

**CASH FLOW PROJECTIONS FOR THE
NINE MONTH PERIOD ENDING
JUNE 30, 2017**



**BOARD OF DIRECTORS' MEETING
OCTOBER 20, 2016**

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PEASE DEVELOPMENT AUTHORITY CASH FLOW SUMMARY OVERVIEW OCTOBER 1, 2016 TO JUNE 30, 2017

(EXCLUDING DIVISION OF PORTS AND HARBORS)

(\$ 000'S)

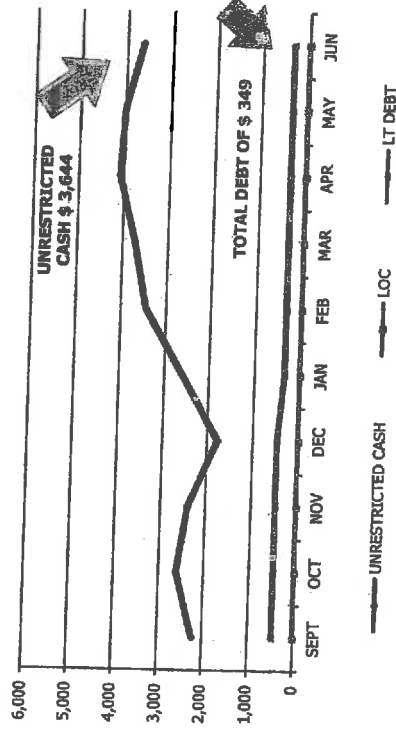
	AMOUNT
OPENING FUND BALANCE	<u>2,229</u>
SOURCES OF FUNDS	
TRADEPORT TENANTS	6,823
GRANT AWARDS (SEE PAGE #9)	3,392
GOLF COURSE FEE AND CONCESSION REVENUES	855
PORTSMOUTH AIRPORT	420
SKYHAVEN AIRPORT HANGAR AND FUEL REVENUES	152
MUNICIPAL SERVICE FEE (COP)- NET	(16)
EXTERNAL BANK WORKING CAPITAL- NET	-
	<u>11,626</u>
USES OF FUNDS	
PERSONNEL SERVICES AND BENEFITS	4,015
CAPITAL EXPENDITURES- GRANT (SEE PAGE #5)	3,940
OPERATING EXPENSES	1,130
CAPITAL EXPENDITURES- NON GRANT (SEE PAGES #6-#8)	1,010
LONG TERM DEBT RETIREMENT	116
	<u>10,211</u>
NET CASH FLOW	<u>1,415</u>
CLOSING FUND BALANCE	<u>3,644</u>

DISCUSSION

THE PDA DOES NOT ANTICIPATE THE NEED TO FURTHER UTILIZE IT'S SHORT TERM LINE OF CREDIT WITH THE PROVIDENT BANK TO PRIMARILY FINANCE PROJECTED GRANT RELATED CAPITAL EXPENDITURES.

CURRENT SENSITIVITIES TOWARD FUTURE PROJECTIONS INCLUDE 1) RECEIPT OF FEDERAL / STATE GRANT AWARDS, 2) ACCURACY OF CAPITAL EXPENDITURE FORECAST AND 3) TRADEPORT REVENUE STREAMS.

PROJECTED CASH AND DEBT BALANCES



TOTAL FUND BALANCES	BALANCE AT 09-30-2016	BALANCE AT 06-30-2016
PDA UNRESTRICTED	2,217	1,022
PDA DESIGNATED	12	12
TOTAL	<u>2,229</u>	<u>1,034</u>

PEASE DEVELOPMENT AUTHORITY STATEMENT OF CASH FLOW OCTOBER 1, 2016 TO JUNE 30, 2017

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
OPENING FUND BALANCE	2,229	2,612	2,395	1,762	2,604	3,446	3,719	4,088	4,009	2,229
SOURCES OF FUNDS										
TRADEPORT TENANTS	1,078	585	585	1,075	595	615	1,075	600	615	6,823
GRANT AWARDS (SEE PAGE #9)	-	255	1,012	160	621	39	30	610	665	3,392
MUNICIPAL SERVICE FEE	365	235	235	365	235	235	365	235	235	2,505
GOLF COURSE	165	100	40	40	40	40	65	165	200	855
PORTSMOUTH AIRPORT	50	45	45	50	45	45	50	45	45	420
SKYHAVEN AIRPORT	18	17	16	16	16	16	17	18	18	152
WORKING CAPITAL RLOC- NET	-	-	-	-	-	-	-	-	-	-
	<u>1,676</u>	<u>1,237</u>	<u>1,933</u>	<u>1,706</u>	<u>1,552</u>	<u>990</u>	<u>1,602</u>	<u>1,673</u>	<u>1,778</u>	<u>14,147</u>
USE OF FUNDS										
PERSONNEL SERVICES AND BENEFITS	420	415	450	450	460	460	455	440	465	4,015
CAPITAL- GRANT RELATED (SEE PAGE #5)	522	647	517	125	140	45	564	1,057	323	3,940
CAPITAL- NONGRANT (SEE PAGES #6-#8)	251	267	89	47	-	102	114	140	-	1,010
MUNICIPAL SERVICE FEE	-	-	1,250	21	-	-	-	-	1,250	2,521
OPERATING EXPENSES	100	125	260	105	110	110	100	115	105	1,130
LONG TERM DEBT RETIREMENT	=	=	=	116	=	=	=	=	=	116
	<u>1,293</u>	<u>1,454</u>	<u>2,566</u>	<u>864</u>	<u>710</u>	<u>717</u>	<u>1,233</u>	<u>1,752</u>	<u>2,143</u>	<u>12,732</u>
NET CASH FLOW	383	(217)	(633)	842	842	273	369	(79)	(365)	1,415
CLOSING FUND BALANCE	2,612	2,395	1,762	2,604	3,446	3,719	4,088	4,009	3,644	3,644

PEASE DEVELOPMENT AUTHORITY CAPITAL EXPENDITURES (EXCLUDING THE DIVISION OF PORTS AND HARBORS) OCTOBER 1, 2016 TO JUNE 30, 2017

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
GRANT REIMBURSEMENT										
PORTSMOUTH AIRPORT										
AIR NATIONAL GUARD TAXIWAY ALPHA	-	-	10	5	10	5	500	800	120	1,450
OBSTRUCTION MITIGATION- PHASE II	45	20	20	15	15	15	12	5	3	150
IDENTIFICATION MANAGEMENT SYSTEM	50	80	20	80	110	10	2	2	5	354
RW PRELIMINARY DESIGN	8	5	5	5	5	-	-	-	-	28
ASR CONSTRUCTION (SBG 1602)	150	25	17	-	-	-	-	-	-	192
PAVEMENT AND DRAINAGE (SBG 1603)	50	27	-	-	-	-	-	-	-	77
BATHROOM RENOVATIONS	149	175	120	20	-	-	-	-	-	464
	<u>452</u>	<u>332</u>	<u>192</u>	<u>125</u>	<u>140</u>	<u>30</u>	<u>514</u>	<u>807</u>	<u>123</u>	<u>2,715</u>
SKYHAVEN AIRPORT										
RUNWAY CONSTRUCTION	25	250	225	-	-	-	-	-	-	500
TAXILANE PAVEMENT (CONSTRUCTION)	15	50	100	-	-	15	50	250	200	680
TAXILANE PAVEMENTS (DESIGN)	10	10	-	-	-	-	-	-	-	20
RUNWAY DESIGN	20	5	-	-	-	-	-	-	-	25
	<u>70</u>	<u>315</u>	<u>325</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>50</u>	<u>250</u>	<u>200</u>	<u>1,225</u>
TOTAL GRANT	522	647	517	125	140	45	564	1,057	323	3,940

NOTE:
** PENDING BOARD APPROVAL

6

PEASE DEVELOPMENT AUTHORITY
CAPITAL EXPENDITURES (EXCLUDING THE DIVISION OF PORTS AND HARBORS)
OCTOBER 1, 2016 TO JUNE 30, 2017 (CONTINUED):

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<u>NONGRANT REIMBURSEMENT</u>										
TRADEPORT										
WATER TOWER LOGO	33	-	-	-	-	-	-	-	-	33
OIL WATER SEPARATOR CLEANING**	-	-	-	35	-	-	-	-	-	35
DRAINAGE DITCHES	10	-	-	-	-	-	-	-	-	10
SURFACE TRANSPORTATION PLAN	-	-	-	10	-	-	-	-	-	10
	<u>43</u>	=	=	<u>45</u>	=	=	=	=	=	<u>88</u>

NOTE:
 ** PENDING BOARD APPROVAL

PEASE DEVELOPMENT AUTHORITY CAPITAL EXPENDITURES OCTOBER 1, 2016 TO JUNE 30, 2017

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(CONTINUED):

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<u>NONGRANT REIMBURSEMENT</u>										
SKYHAVEN AIRPORT										
RE-ROOF TERMINAL BUILDING**	-	-	-	-	-	-	25	-	-	25
ADMINISTRATION										
COMPUTERS / PRINTERS / SOFTWARE / SERVERS / TELECOMMUNICATIONS **	-	-	6	-	-	-	4	-	-	10
GOLF COURSE										
DEBRIS BLOWER **	8	-	-	-	-	-	-	-	-	8
GREENS ROLLER**	-	-	-	-	-	15	-	-	-	15
BLUE COURSE BRIDGES**	-	-	-	-	-	20	-	-	-	20
SIMULATOR UPGRADES	13	-	-	-	-	-	-	-	-	13
CLUBHOUSE EQUIPMENT **	-	25	26	-	-	-	-	-	-	51
ROUGH MOWER **	-	-	-	-	-	67	-	-	-	67
COURSE IRRIGATION ALTERNATIVES**	2	2	2	2	-	-	-	-	-	8
	<u>23</u>	<u>27</u>	<u>28</u>	<u>2</u>	<u>-</u>	<u>102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182</u>

NOTE:
** PENDING BOARD APPROVAL

PEASE DEVELOPMENT AUTHORITY

CAPITAL EXPENDITURES (EXCLUDING THE DIVISION OF PORTS AND HARBORS)

OCTOBER 1, 2016 TO JUNE 30, 2017

(\$ 000's)

(CONTINUED):

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<u>NONGRANT REIMBURSEMENT</u> (CONTINUED):										
PORTSMOUTH AIRPORT										
AIRFIELD RUNWAY RELAMPING (LED)	35	15	-	-	-	-	-	-	-	50
ROOF REPLACEMENT TERMINAL BUILDING	150	140	20	-	-	-	-	-	-	310
REROOFING OF HUT # 7 AND #8 **	-	50	-	-	-	-	-	-	-	50
NORTH WEATHER STATION GENERATOR **	-	-	35	-	-	-	-	-	-	35
TERMINAL CARPET REPLACEMENT **	=	25	=	=	=	=	=	=	=	25
	<u>185</u>	<u>230</u>	<u>55</u>	=	=	=	=	=	=	<u>470</u>
MAINTENANCE										
HVAC SYSTEM UPGRADE- 7 LEE STREET **	-	-	-	-	-	-	35	-	-	35
FORKLIFT REPLACEMENT**	-	-	-	-	-	-	-	25	-	25
TERMINAL RTU**	-	-	-	-	-	-	50	50	-	100
75 ROCHESTER- FIRE ALARM **	-	10	-	-	-	-	-	-	-	10
VEHICLE FLEET REPLACEMENT**	=	=	=	=	=	=	=	65	=	65
	=	10	=	=	=	=	85	140	=	235
TOTAL NONGRANT	<u>251</u>	<u>267</u>	<u>89</u>	<u>47</u>	=	<u>102</u>	<u>114</u>	<u>140</u>	=	<u>1,010</u>

NOTE:
** PENDING BOARD APPROVAL

**PEASE DEVELOPMENT AUTHORITY
 RECEIPT GRANT AWARDS (EXCLUDING THE DIVISION OF PORTS AND HARBORS)
 OCTOBER 1, 2016 TO JUNE 30, 2017**

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
PORTSMOUTH AIRPORT										
AIR NATIONAL GUARD TAXIWAY ALPHA	-	-	-	-	-	20	15	500	665	1,200
OBSTRUCTION MITIGATION- PHASE II	-	175	-	-	50	-	-	40	-	265
IDENTIFICATION MANAGEMENT SYSTEM	-	-	150	-	100	-	-	10	-	260
RW PRELIMINARY DESIGN	-	20	-	-	-	19	-	-	-	39
ASR CONSTRUCTION (SBG 1602)	-	-	267	-	-	-	-	-	-	267
PAVEMENT AND DRAINAGE (SBG 1603)	-	-	95	-	20	-	-	-	-	115
BATHROOM RENOVATIONS	-	-	215	-	230	-	15	-	-	460
SKYHAVEN AIRPORT										
RUNWAY CONSTRUCTION	-	-	285	-	215	-	-	-	-	500
TAXILANE PAVEMENT- CONSTRUCTION	-	-	-	160	-	-	-	60	-	220
TAXILANE PAVEMENT- DESIGN	-	35	-	-	6	-	-	-	-	41
TRADEPORT										
MULTI USE PATH (GRAFTON DRIVE SECTION ONLY)	-	25	-	-	-	-	-	-	-	25
TOTAL GRANT	=	255	1,012	160	621	39	30	610	665	3,392

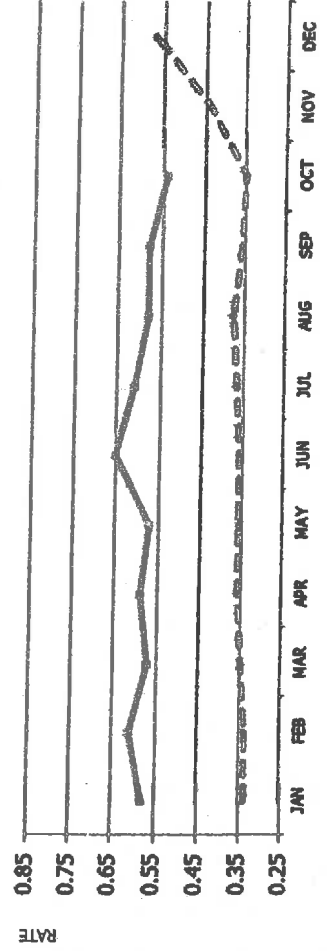
PEASE DEVELOPMENT AUTHORITY CREDIT FACILITIES AND OUTSTANDING DEBT ANALYSIS

(\$ 000's)

AMOUNT OF ORIGINAL CREDIT FACILITY	5,000
AMOUNT AVAILABLE	5,000
EFFECTIVE DATE	03-10-2011
TERM DATE	12-31-2017
PURPOSE	TO PROVIDE WORKING CAPITAL
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 09-30-2016	BALANCE AT 06-30-2016	MATURITY DATE	INTEREST RATE %
THE PROVIDENT BANK (RLOC)	-	-	12-31-2016	VARIABLE
CITY OF PORTSMOUTH	465	465	12-31-2020	4.50
WEIGHTED AVERAGE	465	465		4.50

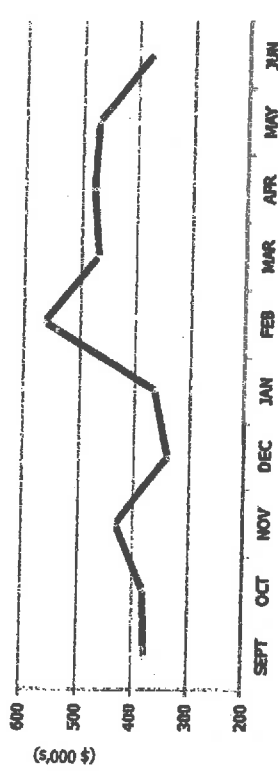
TRENDING THE ONE MONTH FHLB (BOSTON) INTEREST RATE



DIVISION OF PORTS AND HARBORS CASH FLOW SUMMARY OVERVIEW OCTOBER 1, 2016 TO JUNE 30, 2017

(\$ 000's)

	AMOUNT	
OPENING FUND BALANCE	375	
SOURCES OF FUNDS		
FACILITY RENTALS	484	<p>DISCUSSION</p> <p>CURRENT SENSITIVITIES TOWARD FUTURE PROJECTIONS INCLUDE 1) ACCURACY OF CAPITAL EXPENDITURE FORECAST, 2) WORKERS COMPENSATION CLAIMS AND OR LEGAL SETTLEMENTS, 3) FUEL CONSUMPTION AND 4) CONTINUED CONTAINMENT OF EMPLOYEE OVERTIME.</p> <p>LEASE AGREEMENT WITH STATE OF MAINE DEPARTMENT OF TRANSPORTATION EXPIRES DECEMBER 31, 2017.</p> <p>\$ 252 LOAN AMORTIZATION PERIOD AND INTEREST RATE ASSOCIATED WITH HB 25-FN-A (PISCATAQUA RIVER TURNING BASIN), HAS YET TO BE DETERMINED.</p>
MOORING FEES	325	
REGISTRATIONS / WHARFAGE	325	
FUEL SALES	225	
PARKING FEES AND CONCESSIONS	88	
	1,447	
USES OF FUNDS		
PERSONNEL SERVICES AND BENEFITS	777	
OPERATING EXPENSES	422	
FUEL PROCUREMENT	209	
CAPITAL EXPENDITURES	40	
ALL OTHER	-	
	1,448	
NET CASH FLOW	(1)	
CLOSING FUND BALANCE	374	



	BALANCE AT 09-30-2016	BALANCE AT 06-30-2016
TOTAL FUND BALANCES		
UNRESTRICTED FUNDS	375	680
HARBOR DREDGING	459	473
FOREIGN TRADE ZONE	49	46
REVOLVING LOAN FUND	49	78
TOTAL	932	1,277

**DIVISION OF PORTS AND HARBORS
STATEMENT OF CASH FLOW- UNRESTRICTED FUNDS
OCTOBER 1, 2016 TO JUNE 30, 2017**

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
OPENING FUND BALANCE	<u>375</u>	<u>381</u>	<u>432</u>	<u>338</u>	<u>365</u>	<u>565</u>	<u>470</u>	<u>479</u>	<u>472</u>	<u>375</u>
SOURCES OF FUNDS										
FACILITY RENTALS	55	53	54	53	53	54	54	54	54	484
CONCESSION REVENUES	1	-	-	-	-	-	2	3	2	8
MOORING FEES	-	-	-	65	200	60	-	-	-	325
REGISTRATIONS / WHARFAGE	15	85	75	20	40	15	50	10	15	325
PARKING FEES	15	5	-	-	-	-	10	15	35	80
FUEL SALES	25	25	20	20	20	25	30	30	30	225
	<u>111</u>	<u>168</u>	<u>149</u>	<u>158</u>	<u>313</u>	<u>154</u>	<u>146</u>	<u>112</u>	<u>136</u>	<u>1,447</u>
USE OF FUNDS										
PERSONNEL SERVICES AND BENEFITS	45	40	165	47	48	265	48	49	170	777
BUILDINGS AND FACILITIES	15	18	15	18	10	15	20	10	10	131
GENERAL AND ADMINISTRATIVE	10	9	11	10	11	9	12	9	11	92
UTILITIES	12	12	18	22	25	22	19	14	15	159
PROFESSIONAL SERVICES	-	15	-	15	-	-	10	-	-	40
FUEL PROCUREMENT	23	23	19	19	19	23	28	27	28	209
CAPITAL EXPENDITURES AND OTHER	-	-	15	-	-	15	-	10	-	40
	<u>105</u>	<u>117</u>	<u>243</u>	<u>131</u>	<u>113</u>	<u>249</u>	<u>137</u>	<u>119</u>	<u>234</u>	<u>1,448</u>
NET CASH FLOW	6	51	(94)	27	200	(95)	9	(7)	(98)	(1)
CLOSING FUND BALANCE	<u>381</u>	<u>432</u>	<u>338</u>	<u>365</u>	<u>565</u>	<u>470</u>	<u>479</u>	<u>472</u>	<u>374</u>	<u>374</u>

DIVISION OF PORTS AND HARBORS STATEMENT OF CASH FLOW- HARBOR DREDGING FUND OCTOBER 1, 2016 TO JUNE 30, 2017

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
OPENING FUND BALANCE	459	469	459	465	473	460	467	475	462	459
SOURCES OF FUNDS										
PIER USAGE FEES	9	7	5	6	5	6	6	4	5	53
REGISTRATIONS	1	2	1	1	1	1	2	1	1	11
FUEL FLOWAGE FEES	2	3	2	2	3	2	2	2	2	20
	<u>12</u>	<u>12</u>	<u>8</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>10</u>	<u>7</u>	<u>8</u>	<u>84</u>
USE OF FUNDS										
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES	-	2	-	1	-	-	2	-	1	6
GENERAL AND ADMINISTRATIVE	2	-	-	-	2	-	-	-	2	6
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	-	-	2	-	-	2	-	-	2	6
ALL OTHER	-	20	-	-	20	-	-	20	-	60
	<u>2</u>	<u>22</u>	<u>2</u>	<u>1</u>	<u>22</u>	<u>2</u>	<u>2</u>	<u>20</u>	<u>5</u>	<u>78</u>
NET CASH FLOW	10	(10)	6	8	(13)	7	8	(13)	3	6
CLOSING FUND BALANCE	469	459	465	473	460	467	475	462	465	465

**DIVISION OF PORTS AND HARBORS
STATEMENT OF CASH FLOW- FOREIGN TRADE ZONE
OCTOBER 1, 2016 TO JUNE 30, 2017**

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
OPENING FUND BALANCE	<u>49</u>	<u>49</u>	<u>48</u>	<u>53</u>	<u>51</u>	<u>51</u>	<u>51</u>	<u>50</u>	<u>50</u>	<u>49</u>
SOURCES OF FUNDS										
FACILITY RENTALS	-	-	5	-	-	-	-	-	-	5
ALL OTHER	-	-	-	-	-	-	-	-	-	-
USE OF FUNDS										
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES	-	-	-	-	-	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	1	-	2	-	-	1	-	1	5
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	-	-	-	-	-	-	-	-	-	-
ALL OTHER	-	-	-	-	-	-	-	-	-	-
NET CASH FLOW	<u>-</u>	<u>1</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>5</u>
	-	(1)	5	(2)	-	-	(1)	-	(1)	-
CLOSING FUND BALANCE	<u>49</u>	<u>48</u>	<u>53</u>	<u>51</u>	<u>51</u>	<u>51</u>	<u>50</u>	<u>50</u>	<u>49</u>	<u>49</u>

(\$ 000's)

DIVISION OF PORTS AND HARBORS STATEMENT OF CASH FLOW- REVOLVING LOAN OCTOBER 1, 2016 TO JUNE 30, 2017

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
OPENING FUND BALANCE	<u>49</u>	<u>65</u>	<u>82</u>	<u>99</u>	<u>102</u>	<u>118</u>	<u>135</u>	<u>40</u>	<u>59</u>	<u>49</u>
SOURCES OF FUNDS										
LOAN REPAYMENTS	15	15	15	15	15	15	15	16	16	137
INTEREST INCOME-LOANS	4	4	4	4	4	4	4	4	4	36
INTEREST INCOME- FUND BALANCE	-	-	-	1	-	-	-	1	-	2
SEQUESTERED FUNDS	-	-	-	-	-	-	-	-	-	-
	<u>19</u>	<u>19</u>	<u>19</u>	<u>20</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>21</u>	<u>20</u>	<u>175</u>
USE OF FUNDS										
NEW LOANS ISSUED	-	-	-	15	-	-	112	-	-	127
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES	-	-	-	-	-	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-	-	-	-	-	-
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	3	2	2	2	3	2	2	2	2	20
ALL OTHER	-	-	-	-	-	-	-	-	-	-
	<u>3</u>	<u>2</u>	<u>2</u>	<u>17</u>	<u>3</u>	<u>2</u>	<u>114</u>	<u>2</u>	<u>2</u>	<u>147</u>
NET CASH FLOW	16	17	17	3	16	17	(95)	19	18	28
CLOSING FUND BALANCE	<u>65</u>	<u>82</u>	<u>99</u>	<u>102</u>	<u>118</u>	<u>135</u>	<u>40</u>	<u>59</u>	<u>77</u>	<u>77</u>

MOTION

Note: Effective January 1, 2016, RSA 91-A, the Right to Know Law was modified to provide that minutes and decisions reached in a nonpublic session shall be publicly disclosed within 72 hours of the meeting, unless by recorded vote of 2/3 of the members present **taken in public session**, it is determined that circumstances to withhold the information exist.

Director Bohenko:

Resolved, pursuant to NH RSA 91-A:3, Paragraph III, the Pease Development Authority Board of Directors hereby determines that the divulgence of information discussed and and ddecisions reached in the non-public session of its September 15, 2016 meeting related to:

1. Leasing of property;
2. Employee Hiring; and
3. Potential threat of litigation;

would, if disclosed publically, a) render the proposed actions ineffective; and b) affect adversely the reputation of any person other than a member of the public body itself; and agrees that the minutes of said meeting be held confidential until, in the opinion of a majority of the Board of Directors, the aforesaid circumstances no longer apply.

Note: This motion requires 5 Affirmative Votes

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

Thursday, September 15, 2016

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

I. Call to Order

Chairman Bald called the meeting to order at 8:02 a.m. in the Board conference room at 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire.

II. Acceptance of Meeting Minutes: August 18, 2016

Director Lamson moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the August 18, 2016 Board meeting.** Discussion: Director Lamson requested a clarification of the 7% cost underrun of fringe benefits as of June 30th as shown in Finance Reports section of the Minutes. Disposition: Resolved by unanimous vote for; motion carried.

III. Public Comment

There were no comments from the public.

IV. Old Business

No old business was brought before the Board.

V. Golf Committee Report

Director Bohenko, Committee Chair, reported that the Golf Committee met on September 12, 2016 to review Golf Course operations. The Committee reviewed the bid proposal for the lease of golf carts and recommended that the bid proposal be staggered so that 30 golf carts would be replaced every year after the initial three year period. Scott DeVito, PGA General Manager, will review the proposal with vendors. The Committee reviewed the restaurant operations and voted to recommend that the Board approve the simulator software license with aboutGolf. Mr. DeVito reported on the use of the simulators by fifty 2 player teams that play weekly during the winter. The license will provide updated software for the simulators and applications for players' smart phones. Mr. DeVito reported that the Golf Course staff inventoried the bunkers. There are 34 bunkers and 1 rake was missing and was replaced. There are ball washers at every third hole.

A. Approvals

1. aboutGolf Simulator License

Director Allard moved and Director Loughlin seconded that **In accordance with the recommendation of the Pease Development Authority Golf Committee, the Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to enter into the Commercial Software License Subscription Agreement, as amended, with aboutGolf,**

Limited, (“aboutGolf”) of Maumee, OH, for the provision and maintenance of the Golf Course Clubhouse simulator software and equipment in an amount projected to be \$5,200 per year, subject to change in accordance with the usage of the simulator system; all in accordance with the memorandum of Scott DeVito, PGA General Manager, dated September 7, 2016 attached hereto.

In accordance with the provisions of RSA 12-G:8, VIII the Board waive the RFP requirement based upon the following justification:

1. aboutGolf is the sole source supplier of the software and equipment covered in the License Agreement.

Note: This motion requires 5 affirmative votes. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

VI. Finance Committee Report

Irving Canner, PDA Director of Finance, reported that the Committee met on Monday, September 15, 2016 to review PDA finances. The Committee was advised that the PDA external audit field work was finished and a report will be presented to the Audit Committee in October.

A. Financial Reports

1. Operating Results for the One Month Period Ending July 31, 2016

Mr. Canner reported on the status of the PDA FY 2017 finances for the one month period ending July 31, 2017 including operating revenues and expenses. FY 16 is closed out and no trends have developed yet for FY 17. Operating revenues of approximately \$1.6 million include rental fees, golf course fees, and fuel sales. With the reduction of seasonal employees, staffing numbers to date decreased to 136 employees during the past month. The organizational chart was updated to show the recent restructuring and includes 59 full-time benefitted positions. Other expenses include utilities, professional services, and fuel costs.

The Balance Sheet figures for the period ending June 30, 2016 are preliminary. Several construction projects were closed in FY 16 leaving a current balance for construction work in progress of approximately \$550,000. In response to Director Lamson, Mr. Canner reviewed the components of the capital assets' figures. Net pension liabilities for the period is approximately \$3.6 million. As of June 30, the figure was revised by the State to \$4.3 million. Mr. Canner reviewed the variances to the pension liability. Pension liabilities, which are not the same as pension contributions, are reported in accordance with GASB 67 and were added to the statements in FY 2015. Director Bohenko requested that a footnote be added to the unrestricted net position regarding PDA's pension liability.

Mr. Canner reviewed the differences in the net positions between PDA's operations and the Division of Ports and Harbors (DPH). PDA expects to work out its net deficit within approximately two years. Discussion continued regarding DPH operations, and obligations interest rate assumptions, and market variations. Director Bohenko felt that the Board and Finance Committee should review DPH operations and review upcoming revenues. Chairman Bald agreed with addition of a footnote to the Balance Sheet.

Enplanements at Portsmouth International Airport at Pease (“PSM”) as of August 31, 2016 are 47,269, which exceeds the number for the same period last year Skyhaven Airport (“DAW”) had a net operating income of approximately \$7,000 for the period. The net cash flow since DAW's transfer to PDA in 2009 is a deficit amount of approximately \$1.4 million. PDA absorbs approximately \$75,000

annually for DAW operations. Golf Course operating revenues are ahead of budget with a positive cash flow for the period of approximately \$218,000. Bar and grill sales and rounds of golf played are ahead of the same period last year. The Golf Course opened early this year and the rain dates will be adjusted to provide an accurate comparison of past years. Simulator revenues are expected to increase in the winter months. Mr. Canner reviewed DPH's financial position including unrestricted and restricted cash balances.

2. Nine Month Cash Flow Projections to May 31, 2017

Mr. Canner reviewed PDA flow projections for the nine month period ending May 31, 2017 including sources of funds. PDA Cash balances are expected to increase to approximately \$4 million at the end of the period. Grant funded construction projects of approximately \$3.9 million include the PSA Terminal renovations and NH ANG taxiway. Non-grant funded projects of approximately \$1.1 million include the PSM Terminal roof replacement and purchase of Golf Course equipment. Mr. Canner reviewed DPH's cash flow variances including the ME DOT lease expiration in 2017 and the repayment obligation to the State of \$250,000 for the Piscataqua River turning basin project. Director Loughlin requested that a footnote also be added to the DPH unrestricted funds regarding pension liability.

B. Approvals

1. Provident Bank – Line of Credit Extension

Director Bohenko moved and Director Lamson seconded that **In accordance with the recommendation of the Pease Development Authority Finance Committee, the PDA Board of Directors approves and authorizes the Executive Director and any other required signatories to:**

- 1. extend the term of the Revolving Line of Credit Facility with Provident Bank through December 31, 2017; and**
- 2. execute Certificate(s) of Resolution in such form as has been approved by PDA General Counsel and the Director of Finance and to enter into such agreements as may be required to effect this resolution;**

all in accordance with the memorandum from Irving Canner, Director of Finance, dated September 6, 2016 attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

VII. Leases

A. Reports

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

1. Kanerd Development, LLC – 166 Corporate Drive

Kanerd Development LLC entered into a sublease with Lonza Biologics, Inc. for 102,400 square feet at 166 Corporate Drive for a base term of 10 years with three 2 year options to extend. Director Lamson approved the sublease.

B. Approvals

1. Tower Hill Development LLC – 185 International Drive Expansion

Director Lamson moved and Director Loughlin seconded that The Pease Development Authority Board of Directors hereby approves of and authorizes Tower Hill Development, LLC to amend the concept plans (previously approved by the Board on August 16, 2012) to change the entrance way on the expansion portion of the premises located at 185 International Drive; all in accordance with the terms and conditions set forth in the memorandum of Maria J. Stowell, P.E., Manager - Engineering, dated September 8, 2016 attached hereto. Discussion: Director Lamson commended Maria Stowell, P.E., Manager – Engineering for her review of the stormwater treatment in connection with the project. Disposition: Resolved by unanimous vote; motion carried.

VIII. Executive Director's Reports/Approvals

A. Reports

1. Write Off Accounts Receivable

In accordance with the "Delegation to Executive Director: Consent and Approval for Execution of Documents, To Write off Accounts Receivables" Mr. Mullen reported that PDA wrote off Grimmel Industries, Inc. in the total amount of \$1,984.55. Director Allard, Treasurer, approved the transaction.

2. Golf Course Operations

Scott DeVito, PGA General Manager, reported on the activities at the Pease Golf Course. Forty-five thousand rounds of golf have been played year to date. The rounds played are expected to exceed 53,000 for the calendar year. Member renewal applications were sent out. The "Pay Now Play Now" program will begin on September 20, 2016. Mr. DeVito reviewed the fees for adult memberships. Membership is capped at 250 adults and 50 student/juniors. Promotions for the simulators will begin at the end of the month.

3. Airport Operations

Andrew Pomeroy, Airport Operations Supervisor, reported on aviation activities.

a) PSM

As of August 31st, enplanements exceeded 47,000. Allegiant Airlines resumes service to Sanford/Orlando Florida on September 29th. Service to Clearwater/St. Petersburg, Florida will begin on November 17th and to Punta Gorda, Florida on November 18th. Service to Fort Lauderdale will begin on December 17th. In February, 2017, Allegiant will offer services 6 days per week. Work on the Terminal roof and bathrooms is ongoing. Demolition of the old tower has begun.

b) Skyhaven Airport

To date, there were 5,694 aircraft operations including 732 in August.

c) Noise Line Report

Mr. Pomeroy reported that 117 inquiries were made to the Noise Line in August, 2016. There were 78 inquiries related to helicopter operations; and 39 inquiries related to fixed-wing operations, including military and non-military flights.

B. Approvals

1. Farley White Pease LLC – 100 Arboretum Drive Storage Shed

Director Loughlin moved and Director Torr seconded that The Pease Development Authority Board of Directors hereby approves and authorizes Farley White Pease LLC to construct a storage shed on the premises located at 100 Arboretum Drive; all in accordance with the memorandum of Maria Stowell, P.E., Manager - Engineering dated September 7, 2016 attached hereto. Discussion: Director Lamson noted that the landscaping on the premises are very well done and maintained. Disposition: Resolved by unanimous vote; motion carried.

C. Ratification and Approval

1. Document Signatures

- a) Kanerd Development LLC – Lease Amendment No. 2
- b) Kanerd Development LLC – Notice of Consent
- c) Danielle’s Dash – Right of Entry

Director Preston moved and Director Torr seconded that The Pease Development Authority Board of Directors, hereby ratifies and approves of the following documents attached hereto executed by LynnMarie Hinchee, PDA Deputy Director/General Counsel on behalf of David R. Mullen, PDA Executive Director:

- 1. Kanerd Development LLC Lease Amendment No. 2;
- 2. Notice of Consent issued to Kanerd Development LLC; and
- 3. Right of Entry – Danielle’s Dash Road Race

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

IX. Division of Ports and Harbors

A. Reports

1. Port Advisory Council

Tracy Shattuck, Chief Harbor Master, reported that the Port Advisory Council did not meet in September. The security audit at the Market Street Terminal was recently completed and went very well. Chief Shattuck thanked Grant Nichols, Deputy Chief Harbor Master and Dan Pollinger for their work on the security audit.

B. Approvals

1. PDA 600 – Various – Final Adoption

Director Torr moved and Director Preston seconded that In accordance with RSA 12-G:42, X(d), the PDA Board of Directors hereby adopts parts of Chapter Pda 600, State-Owned Commercial Piers and Associated Facilities designated as Pda 603.02(d) and Pda 603.11 as amended in accordance with the Conditional Approval issued on July 21, 2016 by the Joint Legislative Committee on Administrative Rules attached hereto. Parts Pda 603.02(d) and Pda 603.11 shall be effective September 16, 2016.

In accordance with RSA 541-A:14, III, that the Division Director submit, Parts Pda 603.02(d) and Pda 603.11 as adopted, to the Director of Legislative Services for filing. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

2. Dept. of Homeland Security – Grant Acceptance

Director Loughlin moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to accept on behalf of the PDA - Division of Ports and Harbors ("DPH"), a Department of Homeland Security Grant Offer in the amount of \$58,773.00 for the security and software upgrades at Division facilities; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated September 6, 2016 attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried**

X. New Business

No new business was brought before the Board.

XI. Upcoming Meetings

Chairman Bald announced the following upcoming meetings:

Port Committee	October 6, 2016	555 Market Street
Audit Committee	October 17, 2016	
Board of Directors	October 20, 2016	

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

XII. Directors' Comments

Director Preston asked about the work going on at the North Jetty. Chief Shattuck reported that the Army Corps of Engineers is repairing the North Jetty due to storm damage,

XIII. Non-Public Session

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

- 1. NHRSA 91-A:3, Paragraph II(d) for the purpose of discussing the acquisition, sale or lease of property;**
- 2. NHRSA 91-A:3, Paragraph II(e) for consideration or negotiation of pending claims or litigation which has been threatened in writing or filed against the body or agency or any subdivision thereof, or against any member thereof because of his or her membership in such body or agency, until the claim or litigation has been fully adjudicated or otherwise settled.**

Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried. The Board entered into non-public session at 8:50 a.m. The Board returned to public session at 10:26 a.m.

XIV. Vote of Confidentiality

Director Allard moved and Director Loughlin seconded that **Resolved, pursuant to NH RSA 91-A:3, Paragraph III, the Pease Development Authority Board of Directors hereby determines that**

the divulgence of information discussed and decisions reached in the non-public session of its September 15, 2016 meeting related to:

1. Potential threat of litigation; and
2. Leasing of property;

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

XV. Adjournment

Director Bohenko moved and Director Allard seconded to **adjourn the Board meeting**. Discussion: None. Disposition: Resolved by unanimous vote; motion carried. Meeting adjourned at 10:28 a.m.

XVI. Press Questions

There were no members of the press at the meeting.

Respectfully submitted,


David R. Mullen
Executive Director/Secretary

AUDIT COMMITTEE AGENDA

Time: 8:00 A.M.
Place: 55 International Drive
Pease International Tradeport
Portsmouth, New Hampshire 03801

- I. Call to Order (*John Bohenko*)
- II. Acceptance of Committee Meeting Minutes: April 18, 2016*
- III. Public Comment
- IV. FY 2016 External Audit (*Irv Canner and Mark LaPrade*)

A. Reports

1. Management Representation Letter *
2. Executive Summary of Audit Engagement *
3. Auditor Required Communication Letter *

B. Approvals (*Peter Loughlin*)* †

1. Certified Financial Statements *
2. Uniform Guidance Audit of Federal Awards *

- V. Next Meeting- TBD
- VI. Director's Comments
- VII. Adjournment
- VIII. Press Questions

* **Related Materials Attached**
† **Proposed Motion**

MOTION

Director Loughlin:

In accordance with the recommendation of the Pease Development Authority Audit Committee, the PDA Board of Directors accepts receipt of the certified Annual Financial Statement for the years ended June 30, 2016 and 2015 and the Uniform Guidance Audit of Federal Awards for the year ended June 30, 2016; all as prepared and submitted by the PDA's independent auditor Berry, Dunn, McNeill and Parker, LLC; and further authorizes the Executive Director to forward the certified Financial Statement to the State of New Hampshire for inclusion in the Comprehensive Annual Financial Report.

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MEMORANDUM

To: Pease Development Authority Board of Directors

From: David R. Mullen, Executive Director 

Date: October 20, 2016

Re: Sublease between Pioneer Aviation LLC and Atlantic Plastics & Recycling, 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 of a sublease between Pioneer Aviation LLC ("Pioneer") and Atlantic Plastics & Recycling, LLC for 10,500 square feet located at 125 Aviation Avenue, The Pioneer/ Atlantic Plastics & Recycling, LLC Sublease is for a base term of five years effective September 15, 2016. Atlantic Plastics & Recycling, LLC will be use the premises for plastics recycling and general offices.

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

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

MEMORANDUM

To: Pease Development Authority Board of Directors
From: David R. Mullen, Executive Director 
Date: October 20, 2016
Re: Sublease between 100 International, LLC and Total Technical Services, Inc.

In accordance with the "Delegation to Executive Director: Consent, Approval of Sub-sublease Agreements" adopted by the Board on August 8, 1996, I am pleased to report that PDA has approved of a sublease between 100 International, LLC ("100INTL") and Total Technical Services, Inc., a technology staffing and recruiting service, to lease 1,178 square feet (Suite 365) with a lease term of three years. The subleased premises will be used for general office and related uses.

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 Sublease;
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 100INTL's continued primary liability for payment of rent and other obligations pursuant to the PDA/100INTL Lease.

The Delegation to Executive Director: Consent, Approval of Lease 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.

MOTION

Director Lamson:

The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into Amendment No. 3 to the Terminal Lease & Airfield Operating Agreement with Allegiant Air, LLC on substantially the same terms and conditions of the draft Amendment No. 3 attached hereto.

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TERMINAL LEASE & AIRFIELD OPERATING AGREEMENT
AMENDMENT NO. 3

Lessor: Pease Development Authority ("Lessor" or "PDA")
Lessee: Allegiant Air, LLC (Lessee)
Premises: Airport Terminal Building, 36 Airline Avenue
Portsmouth International Airport at Pease, Portsmouth, New Hampshire
Lease Date: October 25, 2013

This Amendment No. 3 to the Terminal Lease and Airfield Operating Agreement (the "Agreement") effective November 8, 2016 by and between the above referenced Lessor and Lessee:

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

WHEREAS, Lessee desires to extend its Agreement for one additional year through November 7, 2017 and Lessor has agreed to the same;

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

- a.) Article 3, Section 3.1 is amended to extend the Agreement through November 7, 2017.
- b.) Article 4.A.1., as modified by Amendment No. 2 and entitled "Lessee's Service Obligations" is deleted in its entirety and replaced with the following language:

Lessee shall exercise best efforts to re-commence commercial passenger air transportation services on or about September 29, 2016. For a period of one (1) year following the commencement of such operations, Lessee will schedule, and to the extent not otherwise excused, a minimum of two (2) scheduled direct departure and return flights per week between the following airports: Portsmouth International Airport at Pease (PSM) and Sanford-Orlando (SFB), Fort Lauderdale International Airport (FLL), Punta Gorda (PGD) and St. Petersburg-Clearwater International Airport (PIE). Notwithstanding the foregoing, Lessee may seasonally adjust service on its routes and temporarily suspend, reduce or increase service during times when demand for service fluctuates.

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

IN WITNESS WHEREOF, Lessor and Lessee have executed this Amendment No. 3 on _____, 2016

Lessee: ALLEGIANT AIR, LLC

By: _____

Print Name: _____

Its: _____

Lessor: PEASE DEVELOPMENT AUTHORITY

By: _____
David R. Mullen

Its: Executive Director

STATE OF NEVADA

: ss.

COUNTY OF CLARK

On this _____ day of _____, 2016, before me, _____, the undersigned officer in and for said County and State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the _____ of Allegiant Air, LLC, and on oath stated that he was authorized to execute this instrument and acknowledged it to be his free and voluntary act for the uses and purposes set forth herein.

Notary Public in and for said County and State

Printed Name: _____

My commission expires: _____

STATE OF NEW HAMPSHIRE

: ss.

COUNTY OF ROCKINGHAM

On this _____ day of _____, 2016, before me, _____, _____ the undersigned officer in and for said County and State, personally appeared David R. Mullen, personally known to me (or proved to me on the basis of satisfactory evidence) to be the Executive Director of the Pease Development Authority and on oath stated that he was authorized to execute this instrument and acknowledged it to be his free and voluntary act for the uses and purposes set forth herein.

Notary Public in and for said County and State

Printed Name: _____

My commission expires: _____

Spyglass Development, LLC

Motion to be presented at meeting



October 14, 2016

Mr. Michael Kane, Manager
Spyglass Development LLC
The Kane Company
135 Commerce Way, Suite 100
Portsmouth, NH 03801

Dear Mr. Kane:

Pursuant to our recent negotiations, and the action taken by the PDA Board of Directors at its meeting on August 16, 2016 authorizing me to complete negotiations and to enter into a revised lease with Spyclass Development LLC ("Spyglass"), the following is a summary of the central business terms under which I am prepared to conclude this transaction.

Premises: The location of the leased premises is an 8.26 acre lot together with an original building consisting of 36,000 square feet and a 16,500 square foot addition, which addition was constructed by and is owned by Spyclass.

Existing Lease: The Premises are subject to an existing lease, effective September 1996, and assigned to Spyclass in February 2002 (the "Lease"). Amendments to the Lease were executed in September 2006, December 2008 and November 2011. In August 2012, the parties negotiated an amendment to the Lease to extend the term through July 2002 and to fix building area rent to that date. Additional included amendments brought the Lease into conformity with Deed references.

New Construction: To induce PDA to enter into a New Lease Agreement (the "New Lease"), Spyclass has agreed to undertake and to continue with due diligence at its sole cost and expense following execution of the New Lease the design and construction of an addition to the Premises consisting of a minimum of 37,000 square feet ("Addition 2") with related improvements. Spyclass's obligation shall include without limitation the obligation to make timely application, diligently pursue and obtain necessary approvals and/or any and all permits required for its construction and intended use of the Premises.

In addition to the construction of Addition 2, Spyclass will make structural repairs and other capital improvements to the original building, as mutually agreed by the parties in the New Lease.

Mr. Michael Kane, Manager
Spyglass Development LLC
The Kane Company
October 14, 2016
Page 2

Future Expansion: It is the current expectation of Spyclass to construct, during the term of the new Lease, at least one additional expansion which shall approximate 13,000 square feet ("Addition 3") to accommodate its projected needs. It is anticipated that at full build out the Premises will consist of 102,500 square feet, of which 66,500 will be owned by Spyclass. Spyclass acknowledges that Addition 3 is not as of right, and that any development beyond the Addition 2 (as approved by the PDA Board) shall require Spyclass to seek the reasonable approval of PDA, which reasonable approval shall take into account the PDA's right and obligation as Airport Operator to exercise its governmental function to protect the interests of the public airport, and to further comply with PDA Land Use Controls and all applicable federal, state and other applicable laws.

Base Term: The base term, including all available extension options of the New Lease shall be a total of forty-five (45) years commencing not later than occupancy of Addition 2 (the "Term Commencement Date"). At the request of Spyclass, PDA would consent to a base term of twenty-five (25) years with four (4) options of five (5) years each. In the event Addition 3 is not constructed and occupied within the first five (5) years of the base term, the New Lease will provide for an automatic extension to forty-five (45) years commencing on occupancy of Addition 3 but subject to PDA's reasonable approval as described above. In the event the Federal Aviation Administration ("FAA") shall issue new compliance policy to permit a term of years in excess of forty-five (45) years applicable to the Premises, Spyclass may request from PDA an extension of the New Lease term, provided, however, any such extension shall be at the sole discretion and exclusive judgment of PDA, taking into consideration its right and obligation as Airport Operator to exercise its governmental function to protect the interests of the public airport known as Portsmouth International Airport at Pease

**Existing
Building
Area Rent:**

The present rent rate for the Premises is blended at \$240,000 per year. This rate was effective on August 1, 2016 and is subject under the terms of the Lease to increase on August 1, 2017 to \$253,950 and three more times on each August 1st until August 1, 2021 at which time the scheduled annual rate will be \$280,950.

**New Lease
Ground
Area Rent:**

PDA will convert the Existing Building Area Rent to a Ground Area Rent without regard to additional square footage constructed on the Premises.

Mr. Michael Kane, Manager
Spyglass Development LLC
The Kane Company
October 14, 2016
Page 3

PDA has agreed to this Ground Area Rent structure in recognition of the substantial investment and ownership interest which Spyglass has in building improvements and PDA's finding that the per acre Ground Area Rent is consistent with federal grant assurances and other federal requirements.

The annual Ground Area Rent for the first five (5) years of the Base Term, will be fixed at \$240,000, subject thereafter to annual adjustments of the lesser of CPI or 3%, not to exceed 12% in any five year period; provided, however, that the first adjustment in year 6 shall be set at the actual change in CPI for the prior five (5) year period.

CPI Adjustment: Ground Area Rent shall be adjusted as provided in the Lease to reflect changes in the Consumer Price Index for All Urban Consumers applicable to the Boston area (all items 1982 - 1984 + 100) published by the United States Department of Labor, Bureau of Labor Statistics or any replacement index (the "CPI Index").

Municipal Services Fee: In accordance with the provisions of the Municipal Services Agreement by and between the PDA and the City of Portsmouth with an effective date of July 1, 1998, Spyglass shall pay to PDA a municipal services fee to include the cost of providing police, fire and public works services.

Net Lease: The New Lease shall be triple net to PDA and all costs associated with the use, occupancy, maintenance and insurance of the Premises shall be borne by Spyglass.

Use: Engineering, machining, welding, brazing, metal forming, assembly, testing, office administration, computer support, management and sales related to consulting services, research and development activities, manufacturing, sales and service and for no other uses without PDA's prior written consent.

Spyglass's Work: Spyglass shall not place or construct any improvements, changes, structures, alterations or additions (cumulatively referred to in this Article as "Alterations") in, to or upon the Premises without PDA's written consent. If PDA grants its consent all such work shall be done at Spyglass's sole cost and expense, subject, in all cases, to the following covenants:

(1) All work and Alterations shall be done in compliance with all applicable governmental regulations, codes, standards or other requirements, including fire, safety and building codes and Land Use

Mr. Michael Kane, Manager
Spyglass Development LLC
The Kane Company
October 14, 2016
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Regulations promulgated by PDA and with the provisions of Article 25 of the New Lease. This obligation shall include compliance with all applicable provisions of the FFA (as defined in Section 25.8), including obligations imposed upon PDA in respect to construction and construction related work.

(2) All Alterations shall be of such a character as not to materially reduce the value and usefulness of any of the buildings or other improvements below their value and usefulness immediately before such Alteration. All work performed hereunder shall be performed in a good and workmanlike manner, shall conform to drawings and specifications approved by PDA and shall not be disruptive of the overall operation the Airport. All contractors engaged by Spycglass to perform such work shall employ labor that can work in harmony with all elements of labor at the Airport.

(3) During the period of construction of any Alterations, Spycglass or any contractor, subcontractor or sublessee of Spycglass shall maintain or cause to be maintained the following insurance:

- (i) The comprehensive general liability and property damage insurance provided for in paragraph (a) of Section 7.2 of the Lease shall be maintained for the limits specified thereunder and shall provide coverage for the mutual benefit of PDA and Spycglass as named insured in connection with any Alteration permitted pursuant hereto;
- (ii) Fire and any other applicable insurance provided for in Article 7 which if not then covered under the provisions of existing policies shall be covered by special endorsement thereto in respect to any Alteration, including all materials and equipment therefore incorporated in, on or about the Leased Premises (including excavations, foundations, and footings) under a broad form all risks builder's risk completed value form or equivalent thereof; and
- (iii) Workers' compensation insurance covering all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against PDA, Spycglass or the Subleased Premises, with statutory limits as then required under the laws of the State of New Hampshire.

Mr. Michael Kane, Manager
Spyglass Development LLC
The Kane Company
October 14, 2016
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The provisions of all applicable Sections of Article 7 of this Sublease shall apply to all insurance provided for in this Section.

- (4) Spyglass shall provide PDA with MYLAR as-built drawings when any Alteration authorized hereunder is completed.

EDA Grant Provisions:

To the extent PDA has received federal grants from the U.S. Department of Commerce Economic Development Administration to improve the Leased Premises, the Lease shall contain a covenant that the Lease is consistent with the authorized general and specific purposes of the EDA grant, in this instance the development of industrial/business facilities in the Industrial and Business/Commercial Zones of the former Pease Air Force Base; Spyglass's agreement to provide service without discrimination to all persons without regard to their age, race, color, religion, sex, handicap or national origin in accordance with Title VI of the Civil Rights Act of 1964; and a covenant that the Leased Premises shall not be transferred, mortgaged or encumbered without the approval of the Assistant Secretary for Economic Development.

Insurance:

Spyglass's agreement to provide insurance coverages in accordance with Article 7 of the New Lease.

Sublease and Assignment:

Spyglass may, without the approval of PDA, assign its rights under the New Lease to or enter into a sublease of the Premises with an affiliate (i.e., any entity that controls, is controlled by or is under common control with Spyglass). For purposes of the preceding sentence, the term "control" shall mean ownership or other beneficial interest in at least fifty-one percent (51%) of the voting stock or other voting interest of an entity. All other assignments shall be subject to approval of PDA. PDA shall not unreasonably withhold or delay its consent to any sublease or assignment if: (1) the use of the Premises associated with any sublease(s) or assignment(s) is permitted under Article 9 of the Agreement, (2) the sublease(s) are consistent with the terms and conditions of the Agreement; provided, however, that Spyglass may rent the subleased area at rentals deemed appropriate by Spyglass, (3) Spyglass remains primarily liable to PDA to pay rent and to perform all other obligations to be performed by Spyglass under the Agreement, and (4) the proposed sublessee is financially and operationally responsible. In the event the rent of the leased premises exceeds the rental charged to Spyglass under Article 4, Spyglass shall remit fifty percent (50%) of such excess to PDA upon receipt by Spyglass; provided, however, that any rental received by Spyglass during a period in

Mr. Michael Kane, Manager
Spyglass Development LLC
The Kane Company
October 14, 2016
Page 6

which no rental is due to PDA shall be paid in its entirety to PDA.

No subletting, assignment or transfer, whether PDA's consent is required or otherwise given hereunder, shall release Spyglass's obligations or alter the primary liability of Spyglass to pay the rent and to perform all other obligations to be performed by Spyglass under the Agreement. The acceptance of rent by PDA from any other person shall not be deemed to be a waiver by PDA of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. If any assignee of Spyglass or any successor of Spyglass defaults in the performance of any of the terms hereof, PDA may proceed directly against Spyglass without the necessity of exhausting remedies against such assignee or successor. If Spyglass assigns the Agreement, or sublets all or a portion of the Leased Premises, or requests the consent of PDA to any assignment or subletting, or if Spyglass requests the consent of PDA for any act that Spyglass proposes to do, then Spyglass shall pay PDA's reasonable processing fee and reimburse PDA for all reasonable attorneys' fees, excluding any fees to in-house counsel, incurred in connection therewith. Any assignment or subletting of the Leased Premises that is not in compliance with these provisions shall be void and shall, at the option of PDA, but subject to any applicable cure provisions, terminate the Agreement.

Brokerage: Each party warrants to the other that it has had no dealing with any real estate broker or agent in connection with the negotiation of this letter or the New Lease.

Right to Purchase: During the term of the New Lease, in the event PDA determines at its, to seek a release of the Premises from the FAA it shall notify Spyglass in writing of its intent to pursue such release before notifying any third parties for the purpose of listing or marketing the Premises for Sale. The terms and conditions of such Right of First Refusal to Purchase the Premises shall be subject to the terms and conditions mutually agreed to by the Parties and set forth in the New Lease and shall be subject to all obligations of PDA under its Public Benefit Conveyance for airport purposes, its federal grant assurances and the compliance regulations established by the Federal Aviation Administration for Release of Airport Property and Obligations.

This letter does not constitute a binding agreement of the Parties, does not alter, amend or waive any rights and obligations of the Parties under the Existing Lease, and no new legal obligation shall arise with respect to the Premises or lease thereof until a New Lease is executed by the Parties.

Mr. Michael Kane, Manager
Spyglass Development LLC
The Kane Company
October 14, 2016
Page 7

I believe this proposal addresses the terms as discussed to date. It is my hope that you will be in a position to advise us of your commitment to Pease by executing this original and the enclosed copy in the space provided and returning the original to my attention. If you have any questions, please give me a call.

Sincerely,

David R. Mullen
Executive Director

DRM:lmh

I have read the foregoing and it correctly states the terms upon which Spyglass will proceed to negotiate a mutually acceptable Lease Agreement for the Premises with PDA, subject to the authority delegated by the PDA Board of Directors to the Executive Director and any other governmental approvals that may be required.

Spyglass Development, LLC

Date

By:

Its duly authorized: _____

Exhibit A
Leased Premises

Exhibit B

EDA Grant Provisions

Exhibit C

Article 7 - Insurance

MOTION

Director Allard:

The Pease Development Authority ("PDA") Board of Directors hereby authorizes the Executive Director to complete negotiations and to enter into an interim Lease substantially on the terms and conditions contained in the draft Letter of Intent dated October 13, 2016 attached hereto; and further approves of and authorizes the Executive Director to complete negotiations for a long term Lease for the premises located at 14 Aviation Avenue, Hangar 227 at the November 17, 2016 Board meeting.

N:\RESOLVES\Hanagar2271016.docx



DRAFT FOR REVIEW AND COMMENT – LOI001

October 13, 2016

Mr. Marcus D. Ebert
Executive Vice President
Royal Technical Group, Inc.
187 McGrew Drive
Burlington, NC 27215

Dear Mr. Ebert:

Pursuant to our recent discussions, I am pleased, on behalf of the Pease Development Authority (“PDA”) to submit the following outline of terms and conditions of a proposed agreement with Royal Technical Group, Inc. (“RTG”) for development of 14 Aviation Avenue, a 203,998 square foot hangar for the purpose of providing an FAA certificated maintenance, repair, and overhaul operation (“MRO”), including customary accessory uses at Pease International Tradeport (“Pease”).

Landlord: Pease Development Authority

Tenant: Royal Technical Group, Inc.

Premises: The location of the leased premises is a 17.61 acre lot together with an existing hangar building consisting of 203,998 square feet located at 14 Aviation Avenue as shown on a plan recorded at the Rockingham Country Registry of Deeds on October 7, 1999 as Plan D-27540 (“14 Aviation” or “Hangar 227”).

Storage: Prior to execution of the anticipated long-term Lease of the Premises, PDA and RTG intend to enter into an interim Lease (the “Interim Lease”) for a portion of the premises to permit the cold storage of inventory, tooling, equipment and a tail dock enclosure valued at approximately \$6.5 Million Dollars. As used herein, cold storage designates that the personal property will be held under cover without action and that the Premises will not be open to employees, agents or contractors of RTG without escort by PDA personnel. The portion of the Premises to be used during the Interim Lease Period is approximately 25,000 square feet at an annual rate of \$1.75 per square foot.

Interim Term: In no event shall the term of the Interim Lease exceed six (6) months, subject to a six (6) month extension as approved by the PDA Board and

Mr. Marcus D. Ebert
Royal Technical Group, Inc.
October 13, 2016
Page 2

subject to their determination of adequate progress toward FAA certification.

Interim Term

Security Deposit: Adequate to permit PDA to remove, and dispose of equipment and parts in the event of RTG's bankruptcy, Interim Lease termination or the Premises are abandoned.

Lease

Agreement: To induce PDA to enter into a Lease Agreement (the "Lease"), RTG has agreed to undertake and to continue with due diligence at its sole cost and expense the design, installation and construction of improvements to the Premises necessary or appropriate to RTG's obligation to become a certificated 14 CFR Part 145 Repair Station. These improvements have been estimated by PDA to be \$4M to \$6M. RTG's obligation shall include without limitation its obligation to timely file a Pre-application Statement of Intent ("PASI") FAA Form 8400-6 not later than [INSERT DATE], and to diligently thereafter file a Formal Application and to pursue and obtain necessary all approvals and/or any and all permits required for its intended use of the Premises.

Base Term: The Lease shall be effective upon execution. The base term of the Lease, including all available options to extend the Lease shall not exceed a total of thirty (30) years commencing not later than the first to occur of (i) [INSERT EVENT] or (ii) [INSERT DATE CERTAIN].

Building

Area Rent: The Building Area Rent for the Premises on the Term Commencement Date will be \$3.50 per square foot. RTG has represented to PDA its intent to phase occupancy of the Premises in three (3) phase. It is a condition precedent to execution the Lease that the parties agree to the amount of square footage to be occupied in each of the three (3) phases identified by RTG. Each phase shall be accompanied by a commitment range for employment, which employment shall be a condition precedent to exercise of any available option to extend the Lease. RTG shall be obligated to pay to PDA rent on the entirety of the Premises not later than [INSERT DATE CERTAIN].

The Building Area Rent for the first five (5) years of the Base Term, will be fixed at \$3.50 per square foot, subject thereafter to annual adjustments of the lesser of CPI or 3%, not to exceed 12% in any five year period; provided, however, that the first adjustment in year 6 shall be set at the actual change in CPI for the prior five (5) year period.

CPI Adjustment: Building Area Rent shall be adjusted as provided in the Lease to reflect

changes in the Consumer Price Index for All Urban Consumers applicable to the Boston area (all items 1982 - 1984 + 100) published by the United States Department of Labor, Bureau of Labor Statistics or any replacement index (the "CPI Index").

**Municipal
Services**

Fee:

During the term of the Interim Lease and the Lease, and accordance with the provisions of the Municipal Services Agreement by and between the PDA, the Town of Newington and the City of Portsmouth with an effective date of July 1, 1998, pursuant to the provisions of NHRSA 12-G:14, RTG shall pay to PDA a municipal services fee to include the cost of providing police, fire and public works services.

Net Lease:

Except as otherwise agreed by the Parties in writing, the Lease shall be triple net to PDA and all costs associated with tenant fit-up, use, occupancy, maintenance and insurance of the Premises shall be borne by RTG.

Use:

Operation of a Certificated 14 CFR Part 145 Repair Station.

RTG's Work:

RTG shall not make any repairs or modification, or place or construct any improvements, changes, structures, alterations or additions (cumulatively referred to in this Lease as "Alterations") in, to or upon the Premises without PDA's prior written consent and such other approvals or concurrences as PDA in its sole discretion shall deem necessary or advisable. If PDA grants its consent all such work shall be done at RTG's sole cost and expense, subject, in all cases, to the following covenants:

(1) All work and Alterations shall be done in compliance with all applicable governmental regulations, codes, standards or other requirements, including fire, safety and building codes and Land Use Regulations promulgated by PDA and with the provisions of Article 25 of the Lease. This obligation shall include compliance with all applicable provisions of the FFA (as defined in Section 25.8 of the Lease), including obligations imposed upon PDA in respect to construction and construction related work.

(2) All Alterations shall be of such a character as not to materially reduce the value and usefulness of any of the buildings or other improvements below their value and usefulness immediately before such Alteration. All work performed hereunder shall be performed in a good and workmanlike manner, shall conform to drawings and specifications approved by PDA and shall not be disruptive of the overall operation the Airport. All contractors engaged by RTG to perform such work shall

employ labor that can work in harmony with all elements of labor at the Airport.

(3) During the period of construction of any Alterations, RTG or any contractor, subcontractor or sublessee of RTG shall maintain or cause to be maintained the following insurance:

- (i) The comprehensive general liability and property damage insurance provided for in paragraph (a) of Section 7.2 of the Lease shall be maintained for the limits specified thereunder and shall provide coverage for the mutual benefit of PDA and RTG as named insured in connection with any Alteration permitted pursuant hereto;
- (ii) Fire and any other applicable insurance provided for in Article 7 which if not then covered under the provisions of existing policies shall be covered by special endorsement thereto in respect to any Alteration, including all materials and equipment therefore incorporated in, on or about the Leased Premises (including excavations, foundations, and footings) under a broad form all risks builder's risk completed value form or equivalent thereof; and
- (iii) Workers' compensation insurance covering all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against PDA, RTG or the Subleased Premises, with statutory limits as then required under the laws of the State of New Hampshire.

The provisions of all applicable Sections of Article 7 of the Lease shall apply to all insurance provided for herein.

(4) RTG shall provide PDA with MYLAR as-built drawings when any Alteration authorized hereunder is completed.

Insurance: RTG's agreement to provide insurance coverages in accordance with Article 7 of the Lease. [INSERT ADDITIONAL PROVISION FOR POLLUTION PREVENTION LIABILITY COVERAGE TO INCLUDE DEFENSE COSTS.]

Permitting: RTG warrants that prior to engaging in any use or occupancy of the Premises, it will hold all certificates, permits, license or other entitlements

required by federal, state or local laws, and that the same are and will be kept current valid and complete. RTG further warrants that it shall at all times abide by and conform with all terms of the same and that it shall give immediate notice to PDA of any additions, renewals, amendments, suspension or revocations. In the use and occupation of the Premises and the conduct of its business thereon, RTG, at its sole cost and expense, shall promptly comply with all present and future laws, ordinances, order, rules, regulations and requirements of all federal, state and municipal governments, courts, departments, commissions and boards, any national, state or local Board of Fire Underwriters, or any other body exercising functions similar to those of any of the foregoing.

The following is a partial list of issues identified and required to be addressed in connection with RTG's proposed improvement of the Premises to PDA's satisfaction prior to execution of the Lease Agreement.

- A) Conformance with Airport Layout Plan
- B) Noise Mitigation
- C) Aircraft Washing
- D) Renovation or Replacement of HVAC System
- E) Renovation or Replacement of Fire Suppression System

**Environmental
Conditions:**

RTG acknowledges that the Pease International Tradeport has been identified as a National Priority List (NPL) site under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), as amended. RTG acknowledges that PDA has provided it with a copy of the Pease Federal Facility Agreement ("FFA") entered into by EPA, and the Air Force on April 24, 1991, as modified, and agrees that it will comply with and be bound by the terms of the FFA to the extent the same may be applicable to the Premises. Should any conflict arise between the terms of the FFA and the provisions of the Lease, the terms of the FFA will take precedence.

RTG acknowledges that the Premises are subject to a 1995 Record of Decision (ROD) which identified shallow contamination sources under the concrete slab of Hangar 227 due to discharges of solvents and petroleum to the floor drain system. The vapor intrusion pathway for these contaminants has not yet been fully evaluated. The Air Force has proposed a work plan titled "Draft Pilot Study Work Plan for Soil Vapor Extraction, the schedule for which anticipates final evaluation of the Pilot Study in March 2017. RTG acknowledges the likelihood that additional investigation may be required on a parallel track with the SVE Pilot, to include additional soil gas investigation. RTG acknowledges and agrees that the Lease and

commencement of Alterations and its MPO may be limited or prohibited subject to completion of these investigations and an agreement for remediation.

**Sublease and
Assignment:**

RTG may, without the approval of PDA, assign its rights under the Lease to or enter into a sublease of the Premises with an affiliate (i.e., any entity that controls, is controlled by or is under common control with RTG). For purposes of the preceding sentence, the term "control" shall mean ownership or other beneficial interest in at least fifty-one percent (51%) of the voting stock or other voting interest of an entity. All other assignments shall be subject to approval of PDA. PDA shall not unreasonably withhold or delay its consent to any sublease or assignment if: (1) the use of the Premises associated with any sublease(s) or assignment(s) is permitted under Article 9 of the Agreement, (2) the sublease(s) are consistent with the terms and conditions of the Agreement; provided, however, that RTG may rent the subleased area at rentals deemed appropriate by RTG, (3) RTG remains primarily liable to PDA to pay rent and to perform all other obligations to be performed by RTG under the Agreement, and (4) the proposed sublessee is financially and operationally responsible. In the event the rent of the leased premises exceeds the rental charged to RTG under Article 4, RTG shall remit fifty percent (50%) of such excess to PDA upon receipt by RTG; provided, however, that any rental received by RTG during a period in which no rental is due to PDA shall be paid in its entirety to PDA.

No subletting, assignment or transfer, whether PDA's consent is required or otherwise given hereunder, shall release RTG's obligations or alter the primary liability of RTG to pay the rent and to perform all other obligations to be performed by RTG under the Agreement. The acceptance of rent by PDA from any other person shall not be deemed to be a waiver by PDA of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. If any assignee of RTG or any successor of RTG defaults in the performance of any of the terms hereof, PDA may proceed directly against RTG without the necessity of exhausting remedies against such assignee or successor. If RTG assigns the Agreement, or sublets all or a portion of the Leased Premises, or requests the consent of PDA to any assignment or subletting, or if RTG requests the consent of PDA for any act that RTG proposes to do, then RTG shall pay PDA's reasonable processing fee and reimburse PDA for all reasonable attorneys' fees, excluding any fees to in-house counsel, incurred in connection therewith. Any assignment or subletting of the Leased Premises that is not in compliance with these provisions shall be void and shall, at the option of PDA, but subject to any applicable cure

Mr. Marcus D. Ebert
Royal Technical Group, Inc.
October 13, 2016
Page 7

provisions, terminate the Agreement.

Airport Access: The Premises are located within the Airport Security Identification Display Area ("SIDA"). RTG will ensure that its employees, contractors and agents will not enter into the SIDA unless they are granted unescorted access to the SIDA in accordance with the Portsmouth International Airport at Pease Security Program. No employee, contractor or agent of RTG will be allowed in the SIDA without escorts meeting the requirements of the Airport Security Program.

**Restrictions on
Aircraft
Operations:**

RTG acknowledges that PDA is considering the promulgation of proprietary regulations that will include certain restrictions on aircraft operations. Notwithstanding the adoption of any such proprietary regulations, RTG agrees to be bound by the restrictions relating to aircraft operations (as distinct from administrative provisions) of Proprietary Land Use Control Regulations for Aircraft Operations within the Airport Zone of the Pease International Tradeport.

Brokerage: Each party warrants to the other that it has had no dealing with any real estate broker or agent in connection with the negotiation of this letter or the Lease.

Guaranty: At the time of execution of the Lease, RTG shall provide a Guaranty from LBH, LLC in the form set forth in Exhibit ___ attached hereto and incorporated herein. LBH, LLC is a limited liability company organized under the laws of the State of Wyoming and is the 100% owner of RTG. The Guaranty is intended to independently guaranty the obligations of RTG under this Lease. Said Guaranty will be accompanied by an opinion of RTG's counsel in a form reasonably acceptable to PDA, confirming that the person executing on behalf of the guarantor was duly authorized to take such action and that said Guaranty is a valid and binding obligation of each respective guarantor enforceable in accordance with its terms.

This letter does not constitute a binding agreement of the Parties, does not alter, amend or waive any rights and obligations of the Parties, and no new legal obligation shall arise with respect to the Premises or lease thereof until a Lease is executed by the Parties. [INSERT TERMINATION OF LETTER OF INTENT IF LEASE IS NOT EXECUTED BY DATE CERTAIN.]

Mr. Marcus D. Ebert
Royal Technical Group, Inc.
October 13, 2016
Page 8

I believe this proposal addresses the terms as discussed to date. It is my hope that you will be in a position to advise us of your commitment to Pease by executing this original and the enclosed copy in the space provided and returning the original to my attention. If you have any questions, please give me a call.

Sincerely,

David R. Mullen
Executive Director

DRM:lmh

I have read the foregoing and it correctly states the terms upon which RTG will proceed to negotiate a mutually acceptable Lease Agreement for the Premises with PDA, subject to the authority delegated by the PDA Board of Directors to the Executive Director and any other governmental approvals that may be required.

Royal Technical Group, Inc.

Date

By:

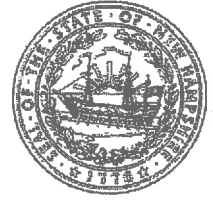
Its duly authorized: _____

Exhibit A
Leased Premises

Article 7 - Insurance



The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

EMAIL ONLY

October 13, 2016

Peter Forbes
AFCEC/CIBE-Loring
154 Development Drive, Suite G
Limestone, ME 04750-6122

Subject: Former Pease AFB – Building 227, Site #39

Dear Mr. Forbes:

The New Hampshire Department of Environmental Services (NHDES) has reviewed the work plan titled "Draft Pilot Study Work Plan for Soil Vapor Extraction", prepared by CBI (the Work Plan). Building 227 is a three-acre cantilevered aircraft hangar and is identified as Site 39 under the Pease CERCLA (Superfund) program. The Work Plan states that a goal of the SVE pilot test is to gather design data for a full scale remedial system to address vapors and vapor sources under the slab. In reviewing the proposed Work Plan we have referenced and use as a bench mark the Air Force's performance based contractor's 2011 White Paper for Building 227.

By way of background, it is useful to note that the 1995 Zone 3 Record of Decision (ROD) identified that shallow contamination sources exist under the concrete slab of Building 227 due to discharges of solvents and petroleum to the floor drain system. However, the vapor intrusion pathway for these contaminants was not evaluated, and the ROD contemplated use restrictions as a means of managing the contamination. In 2005, in the wake of concerns raised by NHDES and EPA regarding potential vapor intrusion (VI) issues, a preliminary VI screening effort was conducted, consisting of four sub-slab soil gas sample points in the west end of the building and an indoor air sample. This work confirmed a completed VI pathway.

The White Paper outlined the investigation approach for assessing sub-slab vapor contamination, proposing to "Delineate potential source soils at Building 227 using a soil gas investigation (up to 50 points) and soil sampling in areas where records indicate a release may have occurred." NHDES and EPA generally agreed with this investigation approach. In 2014, CBI began the soil sampling program and failed to locate any significant CVOC related contamination. The more comprehensive soil gas investigation was not conducted.

NHDES approves the SVE pilot testing as proposed, but notes that the Work Plan proposes only five additional soil gas sampling points in other areas of the building. This results in a total of nine sampling locations to characterize conditions beneath a three-acre building, far fewer than the 50 points proposed in the White Paper. NHDES believes that this level of investigation is inadequate to characterize a building of this size, and believes that completing the soil gas work as originally scoped in the White Paper should be a priority. This data can be used in conjunction with the results of the SVE pilot to determine the applicability of SVE as a final remedy and aid in the final design as appropriate. NHDES believes that the additional investigations should be conducted as soon as possible and on a parallel track with the SVE pilot. Please submit a soil gas investigation work plan to address these concerns.

Peter Forbes
Former Pease AFB – Building 227
October 13, 2016
Page 2 of 2

We look forward to reviewing the requested work plan and to discussing these concerns with the Air Force and other stakeholders in the near future.

Sincerely,



Robin Mongeon, P.E.
Federal Sites Program Manager
Waste Management Division
Tel: (603) 271-7378
Email: Robin.Mongeon@des.nh.gov

Waste
Management
Division

Digitally signed by Waste Management
Division
DN: cn=Waste Management Division,
o=NHDES, ou=Waste Management
Division,
email=jmberly.durgin@des.nh.gov,
c=US
Date: 2016.10.13 15:27:42 -0400

ec: Val Delafuente, USAF
Dave Scruggs, USAF
Mike Daly, EPA
Lynn Hinchee, PDA
Maria Stowell, PDA
Jared Sheehan, PDA
Michael Wimsatt, DES
Keith DuBois, DES
Scott Hilton, DES
Peter Sandin, DES



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION I
5 POST OFFICE SQUARE, SUITE 100
BOSTON, MA 02109-3912

October 13, 2016

Mr. Peter Forbes
AFCEC/CIBE-Loring
154 Development Drive, Suite G
Limestone, ME 04750-6122

**Re: Draft Pilot Study Work Plan for Soil Vapor Extraction, Site 39 – Building 227,
Former Pease AFB, September 2016**

Dear Mr. Forbes:

Thank you for the opportunity to review the above referenced document. Page 1-1 of the work plan states that the purpose of the draft work plan is to, *“evaluate and support the proposed soil vapor extraction (SVE) approach for addressing residual chlorinated volatile organic compound (VOC)–impacted shallow soils under Building 227 at Site 39 (ID039)”*. EPA also considered the Air Force’s 2011 technical “white paper” approach to restoring Site 39 to unrestricted use/unlimited exposure standards.

Zone 3 Remedy, Site 39 and the Vapor Intrusion Pathway: The human health exposure assessment, completed as part of the Zone 3/Site 39 RI baseline environmental risk assessment (BERA) which served as the basis for remedy selection in the 1995 Zone 3 Record of Decision (ROD) and 2003 Zone 3 ROD Amendment, has been significantly altered as a result of an identified indoor air vapor intrusion risk pathway.

The Air Force, upon requests by NHDES and EPA, conducted a base-wide systematic screening of existing ground water VOC data proximal to existing buildings on the Pease Tradeport. As a result of this screening evaluation, the Air Force identified the potential for vapor intrusion into Building 227. The Air Force subsequently conducted a limited environmental investigation of the vacant and unheated building’s sub-slab vapor and indoor air quality. Based upon the results of this investigation, the Air Force concluded that a completed indoor air pathway of contaminated vapors existed at Building 227. Prior to the identification of this human health risk pathway, this sub-slab contamination was addressed in the Zone 3 ROD by requiring the establishment of land use controls (LUCs) to prevent human exposures to the contamination via the direct-contact/incidental ingestion risk pathways.

Building 227 Vapor Intrusion Dataset Assessment: As previously stated, only a limited assessment of sub-slab vapor and indoor air quality samples have been completed to date within Building 227. This assessment served only to confirm a completed VI pathway did indeed exist, as was suggested by the results of the earlier VI screening evaluation step. The Air Force further stated that it could not fully assess the Building 227 VI pathway because the VI data was not collected under a range of seasonal

conditions and associated HVAC operational parameters that would be representative of actual worker-occupied building environments.

The lateral extent of available sub-slab vapor data collected as part of the Air Force's VI investigation is represented by only four (4) samples for what was the largest Air Force building at Pease and that served as the principle aircraft maintenance hangar when the base was active. Secondly, there are no sub-slab vapor or indoor air samples east of the second office tower, leaving the eastern half of the 3-acre building with no VI assessment data. The eastern most sub-slab vapor sample (227-AS-04) reported a PCE concentration of $C_{\text{subslab}} \approx 3,000 \mu\text{g}/\text{m}^3$. This concentration exceeds both NHDES and EPA commercial screening levels for sub-slab vapors. To date, the Air Force has not presented any new data in this work plan or other assessments that would address the significant limitations of the current VI dataset.

2014 DPT Sub-slab Soil Investigation: In early 2014, the Air Force conducted a widely-spaced indoor direct-push technology (DPT) boring program to assess soil conditions beneath limited areas of the Building 227 slab. Twenty-six (26) DPT borings were advanced to depths ranging from 10 to 15' bgs with the exception of one boring that extended down to 25' bgs. Based on soil core PID screening data, one or more samples from each boring was submitted to an analytical laboratory for VOC and semi-VOC analysis. Most of the samples were collected immediately above the water table (5' to 6' bgs). VOC detections above NHDES Soil Remediation Standards (NHSRS) were limited*:

- Naphthalene – 5 samples ($C_{\text{max}}=25\text{ppm}$) above NHSRS of 5 ppm;
- Methylene Chloride – 1 sample (0.78 ppm) above NHSRS of 0.1 ppm;
- cis-1,2-DCE – 1 sample (7.4 ppm) above NHSRS of 2 ppm.

* While not presenting a threat via the indoor air VI pathway, carcinogenic PAHs exceeding EPA's construction worker soil Regional Screening Levels (RSLs) were detected in several borings.

The data from this soil investigation significantly contradicts the four sub-slab vapor samples that identified PCE and TCE concentrations in the 1,000 to 5,000 $\mu\text{g}/\text{m}^3$ range over all three sampling rounds. Nonetheless, the Air Force concluded in its 2014 Site 39 Status Report that no continuing soil source of chlorinated VOCs existed beneath Building 227 and therefore no remediation was necessary. EPA does not concur with this Air Force conclusion as the sub-slab vapor dataset strongly suggests the existence of chlorinated VOC source(s) under Building 227.

Section 2.0 – Pilot Study Objectives: Section 2.1 of the draft pilot study work plan acknowledges the significant gap in the spatial extent of sub-slab vapor data within Building 227 and proposes the completion of five (5) additional vapor monitoring points (VMPs). While it is encouraging that the Air Force acknowledges this data gap, the 5 proposed VMPs are not sufficient to confidently define the understanding of the sub-slab contamination environment and thus hinders the Air Force's efforts to develop and implement a remedial strategy that fully addresses site risks and meets site closure objectives. EPA strongly recommends that the Air Force implement a more rigorous sub-slab vapor monitoring program to assess conditions throughout the Building 227.

footprint. A departure point for the design of such a program could be the sampling effort initially proposed by the Air Force in its 2011 Site 39 supplemental remediation white paper referenced above. Up to fifty (50) soil gas sampling locations were originally proposed as part of sub-slab contamination delineation efforts to support further site investigations, remedial design, and eventual implementation of remedial actions. If these proposed 2011 samples were to be collected using a systematic sampling approach, a roughly 50'x50' on center grid design could be employed to assess sub-slab conditions throughout the Building 227 foundation. Vapor data from this effort will greatly improve the understanding of sub-slab conditions and will aid in directing any additional subsurface investigations to further refine the nature and extent of contaminated areas underneath the building. Ultimately, this information would better inform the Air Force in determining the best strategies to address site risks and successfully remediate sub-slab contamination.

SVE Pilot Study Implementation: The Air Proposes to install one 3" PVC horizontal well 3 feet below the floor slab in the southwestern corner of Building 227. Seven (7) vacuum monitoring wells will be installed within this corner of the building to evaluate the influence of the horizontal SVE well in the subsurface. A vacuum will be placed on the horizontal well using a blower capable of 200 cfm. Exhaust from the blower will pass through two granular activated carbon vessels before being discharged to the atmosphere. The anticipated duration of the pilot test is stated to be six weeks and the SVE treatment area is estimated to be approximately 160'x180'.

EPA has no significant comments in regards to the Building 227 sub-slab SVE pilot study as briefly described above and does not object to its implementation.

The previously discussed five vapor monitoring point samples that are proposed in the draft work plan are to be collected prior to implementation of the SVE treatability study. The sequencing of these tasks is designed to collect baseline sub-slab vapor data prior to applying a vacuum beneath a portion of the foundation. EPA concurs with completion of the soil gas investigation prior to implementation of the proposed SVE pilot study. However, the Air Force should complete a much more comprehensive evaluation of sub-slab vapors prior to SVE implementation as detailed by EPA in the preceding paragraphs. Collecting these data before implementation of the SVE pilot study and utilizing the more extensive VMP network for pilot study performance monitoring is critical in determining the lateral extent of sub-slab vapor contamination, its origins, and the best combination of remedial strategies to most efficiently and successfully address the problems. This characterization can occur concurrent with pilot test construction activities and therefore shouldn't significantly impact schedules outlined in Section 4.1 of the draft work plan.

EPA requests that a technical memorandum addendum to this work plan that details this sampling approach be quickly prepared and submitted by the Air Force for review by Pease stakeholders. Assuming the sampling plan is comprehensive in scope, EPA should be able to quickly review and provide comments so that it can be finalized and executed prior to SVE pilot study testing.

If you have any questions, please don't hesitate to contact me.

Sincerely,



Michael J. Daly
Remedial Project Manager
Federal Facilities Superfund Section

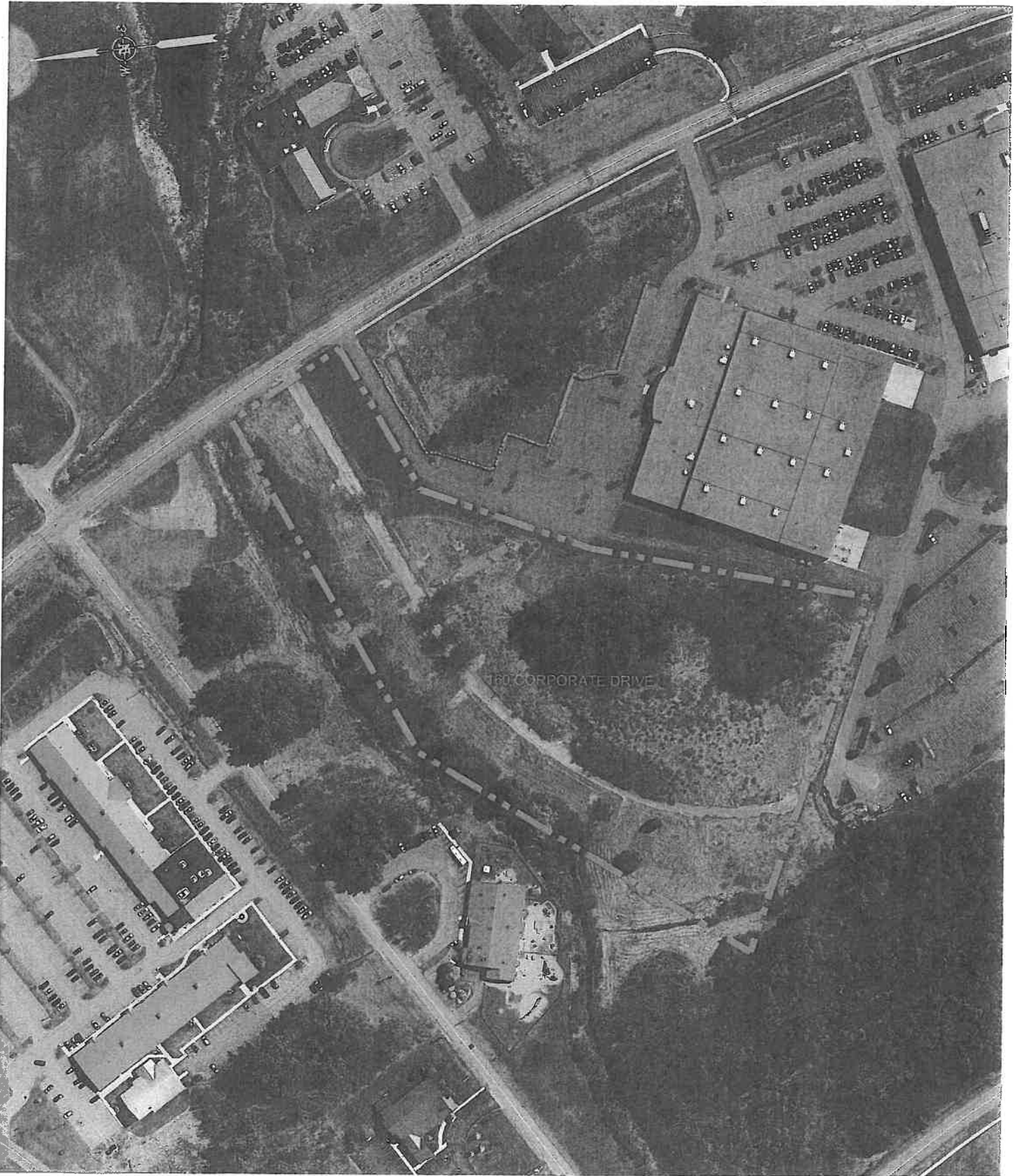
cc: Val de la Fuente, AFCEC
David Scruggs, AFCEC
Scott Hilton, NHDES
Peter Sandin, NHDES
Robin Mongeon, NHDES
Lynn Hinchee, PDA
Jared Sheehan, PDA
Mike Quinlan, CB&I
Lee Major, AEGISS
Anni Loughlin, EPA

MOTION

Director Lamson:

The Pease Development Authority Board of Directors authorizes the Executive Director to execute such document necessary and desirable to grant to Summit Land Development ("Summit") for the premises located at 160 Corporate Drive one (1) option for a period of nine (9) months at the rate of \$14,355.00 due and payable in advance; and one (1) successive option for a period of nine (9) months at a rate of \$28,710 due and payable in advance; exercisable at the mutual agreement of PDA and Summit Land Development.

N:\RESOLVES\SummitOption1016.docx



160 Corporate Drive ROE

DESIGNED BY: MRM

DATE: 10/17/16

SCALE: 1"=200'



PEASE DEVELOPMENT AUTHORITY

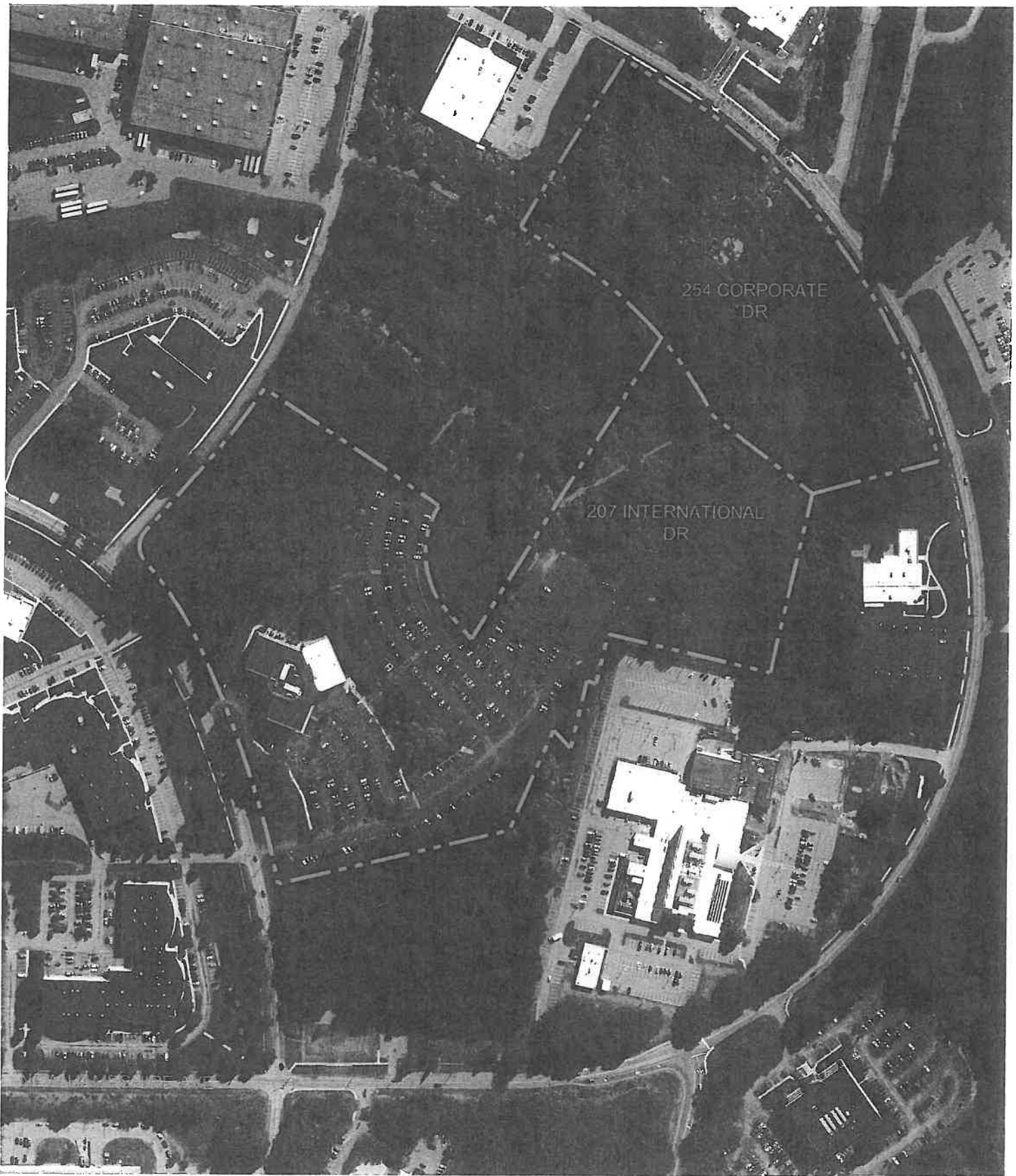
55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801

MOTION

Director Torr:

The Pease Development Authority Board of Directors authorizes the Executive Director to execute such document necessary and desirable to grant a six month option to Summit Land Development ("Summit") for the 7.16 acre parcel located at 254 Corporate Drive adjacent to its property at 207 International Drive for 12.60+/- acres of which Pioneer International Development, LLC pays an annual rent of \$\$142,708.80 without development access to the rear acreage. In consideration of this option, Summit shall perform and provide PDA with wetland mapping and any other studies to determine whether the property is suitable for future development subject to terms and conditions which are mutually agreed to by PDA and Summit.

N:\RESOLVES\SummitOption1016.docx



254 Corporate Drive ROE

DESIGNED BY: MRM

DATE: 10/17/16

SCALE: 1"=300'

MEMORANDUM

To: Pease Development Authority Board of Directors
From: David R. Mullen, Executive Director *DRM*
Date: October 20, 2016
Re: Revisions to Existing Signs – 73 Corporate Drive, LLC

In accordance with the "Delegation to Building Inspector: Consent and Approval of Minor Revisions to Existing Signs" adopted by the Board on June 20, 2005, I am advising the Board that PDA has approved of the minor revisions to the previously approved sign as follows:

1. Revise the face of the existing sign at 73 Corporate Drive to replace the previous tenant's name with the name of the new tenant, Wentworth-Douglass.

The Delegation to Building Inspector: Consent and Approval of Minor Revisions to Existing Signs provides that:

A sign replacement or minor revision request subject to this delegation of authority shall not be consented to, approved or executed unless all of the following conditions are satisfied:

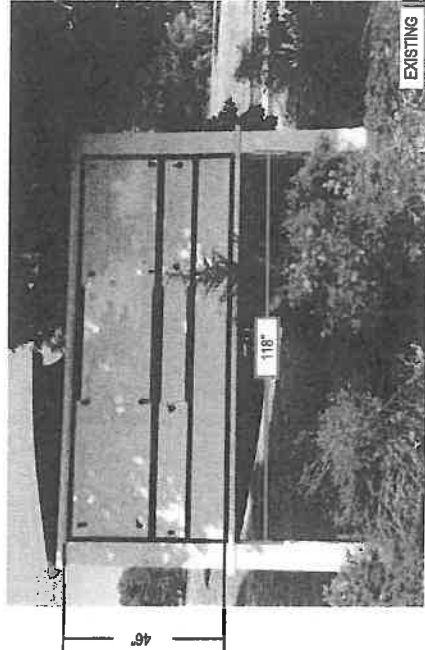
1. the request is limited to: in-kind replacement when required for maintenance; revision to sign graphics to reflect a new name or logo for an existing tenant; revision to sign graphics to reflect a change in tenancy.
2. there is no substantive change in the size or style of the sign.
3. the request is consistent with the terms and conditions of the original approval; and,
4. all other conditions of the PDA Land Use Controls are satisfied.

Conditions one through four have been met. The Delegation also requires the consent of one member of the PDA Board of Directors. In this instance, Chairman Bald was consulted and granted his consent.

ITEM A - D/F FREE STANDING SIGN W/ FCOs AND TENANT PANELS
SCALE: 3/4"=1'-0"



ITEM A - D/F FREE STANDING SIGN W/ FCOs AND TENANT PANELS
SCALE: 3/4"=1'-0"



EXISTING
MOUNTING PLASTIC CAPS WITH SHEET METAL SCREWS (BLACK IN TOP AND BOTTOM PANS)

SCOPE OF WORK Sign #16087668 SQ. FT. JOB#: 95557

REMOVE AND DISPOSE OF EXISTING PANS ON ROADSIDE SIGN

M&I (2) 24" X 118" X 1" DEEP DISH-PANS P/TM PMS 7463 C Blue REPLACEMENT PANELS w/ FCO COPY

FCO: 3/8" (7" HEIGHT) WHITE ACRYLIC LETTERS-STUD MOUNTED TO DISHPAN

LOGO: APPLY WHITE 7725-10 & KUMQUAT ORANGE 3630-74 VINYL (13 1/2" CIRCLE)

(4) DISHPAN TENANT SIGNS: 10" X 118" X 1" DEEP WHITE BEA

LANDSCAPE BY OTHERS

PARLO SIGNS
100 Greenway St., Hudson, NH 03051
(603) 882-2274 Fax: (603) 882-2274

Job Name: WENTWORTH DOUGLASS HEALTH SYSTEMS
Location: 73 CORPORATE DE. PORTSMOUTH, NH
Drawn By: KD
Sales Rep: MALT
Client:
Landlord:
Date: 8/28/16
F.M.: LL

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IF THIS INFORMATION IS FOR ANY OTHER PROJECT, THE INFORMATION IS NOT VALID.

Design: Date:
Engineering: GN Date: 10-3
Estimating: Date:
Sales: Date:
Production: Date:
Installation: Date:

Wentworth-Douglass Health System
File Name: Wentworth Douglas Health_160816868_1 CD 10-8-16(U)
Installation: **B-16-06-16868**

SHEET: 1.0

MEMORANDUM

TO: Pease Development Authority Board of Directors
FROM: David R. Mullen, Executive Director *DRM*
RE: Contract Reports
DATE: October 20, 2016

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

1. Project Name: Boyd Group International
PDA Obligation: \$2,995.00
Board Authority: Vice-Chairman Loughlin
Summary: For a subscription to "Aviation DataMiner" online data products to be used in conjunction with marketing Portsmouth International Airport at Pease (PSM).

2. Project Name: Dave's Septic Service, Inc.
PDA Obligation: \$9,000.00
Board Authority: Director Allard
Summary: For the installation and use of temporary restrooms at the PSM Airport Terminal during the bathroom renovations at the Terminal.

In accordance with the "Delegation to Executive Director: Consent, Approval and Execution of Documents and Expenditures for Emergency Repairs", PDA entered into the following contract:

1. Project Name: Eckhardt & Johnson, Inc.
PDA Obligation: \$17,495
Board Authority: Vice-Chairman Loughlin
Summary: For emergency repairs to the HVAC system at the PSM Terminal by Eckhardt & Johnson, Inc., PDA's on-call HVAC maintenance provider.

P:\BOARDMTG\Contractrpt1016.docx

BoydGroup

INTERNATIONAL

Pricing: Airports:USA DataMiner Subscription

Vail 20151130

September 26 2016

Daniel Fortnam
 PSM Air Service Development
 55 International Drive
 Portsmouth, NH 03801

Tel: 508-367-0979

Email: Daniel.fortnam@comcast.net

Quote for annual subscription to Aviation DataMiner™ online data products:

Aviation DataMiner™ Products	
Airport O&D Market and T100 Segment	Pricing
Basic Passenger O&D & T-100 Traffic U.S. Carriers - 4 Airports	\$2,995
On-Time Performance U.S. Carriers & Airports	Free
Total:	\$2,995
<i>Up to 3 users included with each product</i>	
<i>All Pricing in US Dollars</i>	

Terms:

Subscription valid for 12 consecutive months from the date of purchase
 Payment schedule: Start date and on each renewal/repurchase date thereafter
 Online access to each database at <http://www.airportsusadataminer.com>
 Disclaimer and Subscription Agreement available on login
 Single User License (location)
 All pricing in U.S. dollars
Prices Valid Until October 21, 2016

9/30/16

Proposal

Dave's Septic Service, Inc.
P.O. Box 5193
Manchester, NH 03108
Phone 603 668 3402
Fax 603 666 4334

Customer Name: Pease Dev.
Contact: Michael Mates
Billing Address:
Phone Number: 603 766 9292
Fax Number:
Email Address: m.mates@peasedev.org
Event Address: 42 Airline Ave, Newington, MA
Event Date: 10/4/2016 – 12/1/2016
Event Hours:

Rentals		Delivery	P/U
5-Standard units	550.00 30 days	10/4/16	11/3/16
1-Handicap unit	220.00 30 days	10/4/16	12/1/16
1-24' Trailer	150.00 per day	10/17/16	12/1/16
Pump outs	180.00 per pump		

***customer is responsible for cleaning, maintaining and winterizing the trailer.

Please sign and return to ensure rental.

Signature: _____

Date: _____

Thank you,

Melissa Markey
Account Coordinator



Eckhardt & Johnson, Inc.
MECHANICAL CONTRACTORS
EST. 1977

PROJECT ESTIMATE

DATE: 09/22/2016

QUOTE ID: 618
 AR CUSTOMER: PEADDEV
 SERVICE: Pease Development Authority Terminal
 LOCATION:
 STREET: 42 Airline Ave, Pease Airline Terminal
 CITY: Portsmouth, NH

CONTACT: Joe McPherson
 Ph:(603) 433-6088
 Fax:(603) 427-0433
 DATE SUBMITTED: 09/22/2016
 PREPARED BY: Mike Sheehan

DESCRIPTION: Replace the circuit 2 condenser coil on RTU 2

SCOPE OF WORK: Reclaim refrigerant in the circuit 2 and dispose of per EPA guidelines. Remove defective Trane circuit 2 condenser coil and discard. Install new Trane circuit 2 condenser coil. Pressure test and evacuate the circuit. Recharge circuit 2 with new refrigerant. Check operation. Quote includes crane work , 7460-1 permit and aeronautical study. Trane condenser coil has a 3 week lead time and availability is subject to change by the manufacturer. Quote does not include any further troubleshooting or repairs to this unit.

ITEM	TOTAL
Labor Regular Time	
Helper Labor Regular Time	
Trane Condenser Coil Assembly	
Trane service valve	
Crane	
Refrigerant disposal	
Freight	
R-22	
Miscellaneous	
Total	\$17,495.00

SIGNATURE

DAVID McNeal Ex Director

PRINT NAME

9/22/16

DATE

Overtime Labor ~ Structural work ~ Carpentry work ~ Roof work ~ Power and control wiring ~ Asbestos abatement ~ Drop ceiling work ~ Any scope of work not listed in this proposal ~ All existing building, plumbing, fire, energy, seismic, and etc. code violations on existing work.

PAYMENT TERMS:

- 25 % due upon acceptance of proposal and prior to E&J ordering materials or equipment.
- 50 % of remaining balance will be invoiced when project is 50% complete.
- Balance will be invoiced when project is 100% complete.

CONTRACTOR AGREEMENT

THIS CONTRACTOR AGREEMENT (the "Agreement") is made by and between **ECKHARDT & JOHNSON, INC.**, a New Hampshire corporation with a principal place of business located at 896 Goffs Falls Road, Manchester, New Hampshire 03103-3288 ("Contractor") and the Owner (as identified on the attached proposal), who agree as follows:

1. Services to be provided. The Contractor shall perform services necessary or proper for or incidental to the performance and completion of the Work as defined in "The Scope of Work" on the front of this proposal.

2. Contract Sum. The Owner shall pay the Contractor for performance of the Work the amount as described in "Price" on the front of this proposal.

Payment Terms.

- a. Payment for all invoices will be due 30 days from the invoice date.
- b. All past due invoices will be charged a daily finance charge equal to 12% APR, accruing as of the invoice date.
- c. The Owner has no rights of set-off against amounts due to the Contractor.
- d. All projects with a cost of five thousand dollars (\$5,000.00) or more will require a deposit equal to 25% of the contract price prior to Eckhardt & Johnson, Inc ordering any equipment.
- e. All projects will be invoiced on or near the 25th of each month for work completed thru the end of the month.
- f. All invoicing will be done using the percentage of completion method.
- g. The Owner shall be liable to the Contractor for all costs and expenses (including legal fees) incurred by the Contractor in collecting amounts due to the Contractor hereunder, regardless of whether such collection efforts involve the commencement of litigation.

3. Time of Commencement. The Contractor shall commence the Work within five (5) days after written notice from the Owner to commence performance.

4. Insurance. Prior to commencing the Work, the Contractor shall obtain insurance from a responsible insurer including, but not necessarily limited to, fire insurance and extended coverage, public liability, property damage, employer's liability and workers' or workmen's compensation insurance for the Contractor and its employees.

5. Limited Warranty. The Contractor warrants to the Owner that all Work pursuant to this Agreement shall be of good quality, free from faults and defects for a period of one (1) year after the Completion Date. This warranty shall be in limitation of any other warranty or remedy available at law or in equity. The Contractor shall repair or replace, as it determines appropriate in its sole and absolute discretion, any deficiency in the Contractor's work identified by the Owner within one (1) year after the Completion Date. THERE ARE NO OTHER WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO THIS AGREEMENT AND THE WORK, OTHER THAN AS SET FORTH IN THIS SECTION 5. UNDER NO CIRCUMSTANCES WHATSOEVER SHALL THE CONTRACTOR AND ITS SHAREHOLDERS, DIRECTORS, OFFICERS AND EMPLOYEES BE LIABLE FOR ANY SPECIAL, PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES OR FOR ANY LOSS OF PROFIT OR REVENUE OR FOR ANY CLAIMS AGAINST THE OWNER BY ANY THIRD PARTY RESULTING FROM ANY DEFICIENCIES IN THE WORK. Without in any way limiting the foregoing, under no circumstances whatsoever shall the liability of the Contractor exceed its pro-rata portion of the Contract Sum allocable to the deficient portion of the Work.

6. ~~Arbitration. All disputes or controversies which may arise out of or in relation to this Agreement shall be resolved by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association in effect at such time. Arbitration proceedings shall be held in Manchester, New Hampshire. The arbitrator sitting in any such proceeding shall have no power to alter or modify any provisions of this Agreement or to render any award which by its terms causes any such~~

Per master contract w/ Peace Development Authority.

7. Termination. If either party hereto fails or neglects to perform its obligations hereunder or otherwise fails to perform in accordance with this Agreement, except as set forth in Section hereof, and within three (3) working days after written notice of such failure fails to commence and continue correction of such default or neglect with diligence and promptness or to pay any amounts which are overdue, then the other party may, at the expiration of said three (3) day period, terminate this Agreement. The remedies available pursuant to this Section 7 shall be in addition to, and not in lieu of, any other remedies or rights available at law or in equity.

8. Causes of Delay. The Contractor shall not be liable for delays in performance of the Work which are due to causes beyond the Contractor's reasonable control including, but not limited to, delays due to acts of God, the Owner's acts, acts of civil or military authority, wars, acts of terrorism, riots, insurrection, fires, strikes, floods, epidemics, delays in transportation or energy curtailments or shortages. The Contractor shall not be liable for delays in performance of the Work if the Owner is in default of its payment obligations hereunder or under any other contract with the Contractor.

9. Entire Agreement. This Agreement, when read in connection with the preceding proposal, contains the entire agreement of the parties related to the subject hereof. No course of dealing between the Contractor and the Owner and no usage of trade shall be relevant to supplement or explain the terms and conditions contained in this Agreement. The parties hereto agree and acknowledge that there are not any other agreements, conditions or representations, oral or written, express or implied, which affect the interpretation hereof. This Agreement replaces all prior agreements, promises, representations and understandings between the parties hereto whatsoever, both oral and written, concerning the subject matter hereof.

10. Notices. All notices to be given hereunder or otherwise made to a party of this Agreement shall be set forth in a written document, delivered in person, by overnight courier such as Federal Express or by U.S. Mail, registered or certified, return receipt requested, postage prepaid, addressed to the intended recipient to the address set forth in the preamble hereof or to such other address as hereafter may be designated by the intended recipient to the other party hereto in compliance with this Section 10.

11. Relationship of the Parties. The parties hereto acknowledge that they are independent contracting parties and are not engaged in a joint venture, partnership, agency/principal relationship, nor shall any party hereto make any representation that any such relationship exists. Additionally, neither party hereto shall have any authority to enter into commitments or obligations on behalf of the other party hereto.

12. Section Headings Not Part of Agreement. Headings are provided only for convenience and shall not affect the interpretation or meaning of this Agreement.

13. Amendment and Modification. This Agreement may not be amended, modified or supplemented except by a written document of subsequent date hereto, executed by each of the parties hereto, which explicitly references this Section 13. Nothing herein shall impair the Contractor's right to subcontract, delegate or assign responsibility for performance of any of the Wo



MOTION

Director Bohenko:

The Pease Development Authority ("PDA") Board of Directors hereby authorizes the Executive Director to execute a change order to the contract with Careno Construction Co. (PDA's selected contractor for the Airport Terminal renovations) to replace windows in the Terminal in an estimated amount of \$13,816.15; all in accordance with the memorandum of Maria J. Stowell, P.E., Manager – Engineering, dated October 12, 2016 and the plan attached hereto.

N:\RESOLVES\CarenoChangeOrder1016.docx

MEMORANDUM

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

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

Date: October 13, 2016

Subject: New Windows at PSM Airport Terminal

Recently, a number of windows in the terminal building have been identified to be replaced because their seals have failed and condensation has built up between the panes. Specifically, 12 windows in the vestibule at the entrance to the ticketing area and 12 windows in the ticketing area have been selected to be replaced.

Staff feels that the best way to complete this replacement would be to engage the contractor that is currently working at the terminal on the new roof and restroom renovations, Careno Construction Company, LLC (Careno). Careno was initially selected for the terminal projects through a competitive process; Careno is familiar with PSM security requirements; familiar with PSM operations and personnel; and, the work could be done as a change order to their contract. Moreover, the time saved may provide PDA with the opportunity to complete this work before the start of cold weather. For these reasons we ask the Board approve waiving the RFP process.

Attached is a proposal from Careno Construction for this work for the cost of \$13,816.15.

At this month's board meeting, please ask the Board to approve the expenditure of \$13,816.15 for the replacement of windows in the terminal building.

N:\ENGINEER\Board Memos\2016\Careno Windows.docx

CHANGE
ORDER

OWNER
ARCHITECT
CONTRACTOR X
FIELD
OTHER

PROJECT:
Demolition of Former Air Traffic Control Tower and
Air Terminal Re-Roofing Project
40 Airline Ave
Portsmouth, NH 03801

CHANGE ORDER NUMBER: 01
DATE: 09/29/2016
ARCHITECT'S PROJECT NO: 4360
CONTRACT DATE: 06/01/2016
CONTRACT FOR: Demolition of Former Air
Traffic Control Tower and Air
Terminal Re-Roofing Project

TO CONTRACTOR:
CARENO CONSTRUCTION
270 WEST ROAD
PORTSMOUTH, NH 03801

The contract is changed as follows:

Item # 1 - Owner Requested Window Replacements at 40 Airline Ave

- Replacement of existing fixed windows in vestibule and double hung window glazing in air terminal

Proposal is based on the following:

Fixed vestibule units: 3-4 weeks from approval

Double hung units: 3-4 weeks from approval

Fixed windows

- Remove, dispose and replace 11 fixed windows in the main entrance vestibule.

New fixed units to be installed in existing frame

New fixed units to be 1/4" clear tempered units with low E

4 @ 46" x 40"

4 @ 46" x 38"

4 @ 28" x 40"

Double Hung

Replace 12 Double hung units (24 lies) with 1/8" 24" x 36" Gray Lou E & Argan IGU Glass per attached

Careno Construction Company

Project Management: 8 hrs. @ \$65.00 = \$520.00

Project Supervision: One week of Install @ \$1,600.00

Disposal Costs: One 15 yard dumpster @ \$150.00

Granite State Glass Window Replacement: \$9,389.00

Careno/Subcontractors/Vendors @ \$11,659.00 + \$1,165.90 (10%) = \$12,824.90

Careno GC Markup @ 5%: 641.25

Bond Cost @ \$25.00/\$1,000.00 = \$350.00

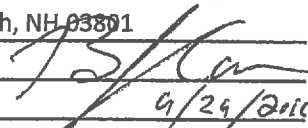
Add: \$13,816.15

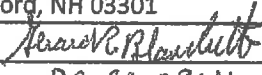
Total Add: \$13,816.15

Not valid until signed by the Owner and Contractor.

The original (Contract Sum) (Guaranteed Maximum Price) was.....	\$	341,500.00
Net Change by previously authorized Change Orders.....	\$	-
The (Contract Sum) (Guaranteed Maximum Price) prior to this Change Order was.....	\$	341,500.00
The (Contract Sum) (Guaranteed Maximum Price) will be (increased) (decreased) (unchanged) by this Change Order in the amount of.....	\$	13,816.15
The new (Contract Sum) (Guaranteed Maximum Price) including this Change Order will be.....	\$	355,316.15

The Contract Time will be (increased) (decreased) (unchanged) by (25) days
The date of Substantial Completion as of the date of the Change Order therefore is

Careno Construction Company, LLC
CONTRACTOR
270 West Rd
Address
Portsmouth, NH 03801
BY: 
DATE: 9/29/2016

H.L. Turner Group
ARCHITECT
27 Locke Rd
Address
Concord, NH 03301
BY: 
DATE: 29 Sept 2016

Pease Development Authority
OWNER
55 International Dr
Address
Portsmouth, NH 03801
BY: _____
DATE: _____

MOTION

Director Loughlin:

The Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to enter into a contract with Seacoast Security of Portsmouth, NH, in an initial amount of \$9,897.00 for the provision and installation of security and fire alarm monitoring systems at PDA facilities. Further, the Board approves monthly monitoring of the systems by Seacoast Security at a monthly fee of \$353 per month for five years; all in accordance with the memorandum of Maria J. Stowell, P.E., Manager – Engineering, dated October 14, 2016 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. Seacoast Security currently monitors the PDA systems and can provide the services in a timely and cost effective manner.
2. The City of Portsmouth has also chosen Seacoast Security to monitor its fire alarm systems via the same radio transmission method.

Note: This motion requires 5 affirmative votes.

N:\RESOLVES\Firesystem1112.wpd

MEMORANDUM

To: David R. Mullen, Executive Director *DM*
From: Maria J. Stowell, P.E., Engineering Manager *Maria*
Date: October 14, 2016
Subject: Security and Fire Alarm Monitoring

PDA maintained buildings are equipped with security and fire alarm systems. The security alarms are monitored by a contracted firm, Seacoast Security, and the fire alarms are monitored by the City of Portsmouth Fire Department. If an alarm is triggered, a signal is sent via phone or hardwired line to the appropriate monitor, who responds accordingly.

A few months ago, the Fire Department sent us a notification of recent changes that prevent it from providing fire alarm monitoring services in the future, and informing us that we will need to transition to an approved remotely located monitoring facility. While researching available options for alarm monitoring, we found that signals can be sent more efficiently by changing from the existing phone and wire transmissions to a radio signal. We asked our current provider, Seacoast Security, for quotes to install the equipment required to monitor security and fire alarms via antenna and radio signals. The total installation price is \$9,897.00, which breaks down as follows:

55 International Drive (Main Office)	\$ 1,392.00
42 Airline Avenue (Terminal)	\$ 4,388.00
200 Grafton (Clubhouse)	\$ 1,392.00
36 Airline (Airport Management)	\$ 400.00
14 Airline Avenue (ATCT)	\$ 1,310.00
555 Market Street (Port)	<u>\$ 1,015.00</u>
	\$ 9,897.00

There is also a cost for monthly monitoring. The six buildings will require monitoring for nine systems – four security and five fire alarm systems. The total monthly fee will be \$ 353.00 over a contract term of five years. This is less than our current monthly phone line and monitoring costs of approximately \$454.00.

Please ask the Board to approve the installation and monthly monitoring costs as described. In doing so the Board would need to waive the RFP requirement. I believe the waiver is justified because Seacoast Security is our current provider and we are confident they can perform the required services. Furthermore, the City of Portsmouth has chosen Seacoast Security to monitor its fire alarm systems via the same radio transmission method.

Please note that there may also be a permit fee payable to the City. This fee would be incurred at the time of the installation.



SEACOAST SECURITY

PO Box A

290 West Street

West Rockport ME 04865

www.seacoastsecurity.com

TEL 207 236 4876

800 654 8800

FAX 207 236 8517

BRANCH OFFICES

32 Lexington Drive Suite #1, Hermon ME 04401

17 Parsons Street Suite #1, Presque Isle ME 04769

4 Summer Street, PO Box K, Freeport ME 04032

280 Heritage Drive Unit C, Portsmouth NH 03801

Dear Portsmouth Business Owner,

As you may already know, the City of Portsmouth will be discontinuing its Master Box system that connects your fire alarm system to the fire department. It will be up to the individual business to monitor the fire alarm systems via Central Station monitoring.

The City of Portsmouth has chosen Seacoast Security to monitor their fire alarm systems via a SeaNet (AES) radio. The SeaNet radio is the most dependable and cost efficient way of transmitting the alarm signals.

Although there are other ways to monitor the fire alarm such as telephone dialers, cellular transmitters or via the internet: each of these options have a drawback. Fire alarms require two phone lines for a dialer and since almost all lines are VOIP now there is a chance of lost signals due to the VOIP technology that is really designed for voice communication. Cellular transmitters are dependent on the cellular network and the technology changes every five or so years and the transmitters become obsolete and need to be replaced.

The SeaNet radio is the best solution since we own the frequency so the equipment will never become obsolete; there are no additional charges by Telco companies or cellular companies resulting in the best value. We are offering the SeaNet monitoring for \$39.00 a month with special radio installation prices starting at \$695.00.

Please give us a call for a free site survey and estimate.

Thank You,

Brian Cormier
Seacoast Security
280 Heritage Ave Suite C
Portsmouth, NH 03801
603-433-8864 ext 4603

You are being contacted because your facility at _____ currently has its fire alarm system monitored through the City's Master Fire Alarm system using Master Box _____.

Recent changes to the manner in which fire alarm signals must be monitored has caused the Fire Department to evaluate the City's Master Fire Alarm system. You are receiving this letter because property that you own in the City is protected by a Master Box that is connected to the City's system.

Fire alarm systems transmit three distinct signals – alarm, supervisory, and trouble. The City's existing Master Fire Alarm system is activated by alarm signals only. Supervisory and trouble signals generated by a fire alarm system are annunciated at the panel, but, could go unnoticed unless someone happens to be in ear-shot of the panel. The Life Safety Code and the National Fire Alarm Code both require that Supervisory and Trouble signals be constantly monitored by qualified personnel at an approved, remotely located receiving facility. The City of Portsmouth requires off-site monitoring of all installed sprinkler systems.

Simply put, sprinkled buildings that have master boxes as their sole means of remote monitoring are not in compliance with the Code as they are not programmed to handle supervisory or trouble signals.

Given the limitations of the existing system, the Fire Department has chosen to retire the Master Fire Alarm System. On 1 July 2017, the City's Master Fire Alarm System will cease all monitoring activities. As a current user of the system, we are providing this information now, so that you will have more than ample time to make the necessary changes to transition your fire alarm monitoring to an approved, remotely located receiving facility. The professionals who currently maintain your fire alarm system should be able to provide solutions for this change. Please keep in mind that all changes made to your fire alarm system must be permitted by the City. Once you have reconfigured your fire alarm system, you may contact the Fire Alarm Division at 603.427.1515 to schedule the physical removal of the Master Box and its associated components.

It is our hope that you will make the transition sooner rather than later. There are over 300 master fire alarm boxes in the City and this transition will certainly keep local fire alarm professionals extremely busy. **By 1 July 2017** you must have transitioned your fire alarm system off of the City's system and be monitored by an approved, remotely located receiving facility.

If you have questions about this transition, please contact the Fire Department Prevention Bureau at 603.427.1515.

Memorandum

To: Andrew Pomeroy, Airport Operations Manager

From: Sandra McDonough, Airport Operations Specialist *Sm*

Date: 10/12/2016

Subj: Noise Report for September 2016

The Portsmouth International Airport received a total of 86 inquiries in September, 2016, 53 rotor and 33 fixed wing.

The 53 rotor wing inquiries originated from 3 Portsmouth residences with one resident inquiring 51 times. All but one of the 53 rotor wing inquiries pertained to Seacoast Helicopters. The last inquiry was for an air ambulance arrived at 11:30 PM.

The 33 inquiries on fixed-wing aircraft originated from 6 residences, two from Portsmouth, and one each from Newmarket, Newington, Dover and Kittery Point, ME. One resident inquiring 28 times were mostly related to military aircraft based at Portsmouth. Other aircraft both based and non-based, including KC135s, a F-35, a P-3 a KC767A and a G4.

One residence of Newmarket accounted for 28 fixed wing inquiries regarding military and non-military aircraft. As stated in past reports, the couple residing at this residence feel the aircraft are targeting their home and flying too low. They call every time a plane flies in the vicinity of their home. Due to the frequency of their calls and the compliant aviation activity they have called about, we informed them some time ago that we would only respond should a particular operation warrant.

Attached is a copy of the Noise Report for September 2016.

PDA Noise Control Log

For the Period: 09/01/16 to 09/30/16

Call	Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
1	9/1/2016	23:30	3 Woodbury Avenue Portsmouth, NH 03801-	NonBased	A109E	Hi Sandy. About 11:30 last night another helicopter went over our house. It woke myself and my wife up. I was just curious who would be flying over at 11:30. If you could find out I would appreciate it. Have a good weekend.	Spoke with caller on 9/3. LifeFlight of Maine arrived, fueled and departed to a Boston hospital. LifeFlight is aware of our noise sensitive areas but other factors may have been involved.
2	9/1/2016	6:00	251 Sea Oaks Lane Kittery Point, ME 03905	Unknown	unknown	Emailed: Aircraft	Spoke with the caller on 9/2. Caller was asked to be more specific on times and dates to help with any follow-up.
3	9/2/2016	18:19	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter. Thanks PDA.	Individual has indicated in the past that a call back is unnecessary.
4	9/3/2016	10:00	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks PDA. We never got a response from you - when is then next meeting of the Noise Committee? Do you even read these complaints, or do they go directly into the trash?	Individual has indicated in the past that a call back is unnecessary.
5	9/3/2016	15:52	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A. When is the next meeting of the Noise Committee? Submit: Submit Form	Called and left a message on 9/9 that we would notify him of the next Noise Compatibility Committee meeting.
6	9/3/2016	9:16	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter. Thanks PDA.	Individual has indicated in the past that a call back is unnecessary.

PDA Noise Control Log

For the Period: 09/01/16 to 09/30/16

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
7	9/5/2016	11:04 24 New Castle Ave Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: Red helicopter sub 1,000' in contravention of Pease guidelines. Next stop FAA. Non-compliance with FAR 91.119 part (d) hazard to persons and property.	Spoke with the individual on 9/9 and informed him that helicopters do not have to fly at 1000' but Seacoast Helicopters maintains they fly at 1000' unless they are contracted for a job that requires them to go below 1000'. The individual is concerned about the safety of the people on the ground if the helicopter should have a mechanical issue.
8	9/5/2016	14:47 68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter	Individual has indicated in the past that a call back is unnecessary.
9	9/5/2016	15:23 68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A. When is the next meeting of the noise committee?	Individual has indicated in the past that a call back is unnecessary.
10	9/8/2016	14:32 68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A. When is the next meeting of the Noise Committee?	Individual has indicated in the past that a call back is unnecessary.
11	9/9/2016	10:05 68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter again. Thanks P.D.A. When is the next meeting of the Noise Committee?	Individual has indicated in the past that a call back is unnecessary.
12	9/9/2016	10:38 68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A. When is the next meeting of the Noise Committee?	Individual has indicated in the past that a call back is unnecessary.
13	9/9/2016	14:18 178 Bayview Newmarket, NH 03857-	Based	KC135	Repeat caller calling about the planes coming from Pease are a danger to residents in the area.	She has been contacted in the past about her concerns.
14	9/10/2016	12:35 68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.

PDA Noise Control Log

For the Period: 09/01/16 to 09/30/16

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
15	9/10/2016 12:48	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter again. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
16	9/10/2016 13:21	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
17	9/11/2016 13:08	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
18	9/11/2016 12:59	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter	Individual has indicated in the past that a call back is unnecessary.
19	9/11/2016 16:05	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
20	9/11/2016 15:11	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
21	9/11/2016 15:17	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
22	9/11/2016 15:32	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.

PDA Noise Control Log

For the Period: 09/01/16 to 09/30/16

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
23	9/12/2016 21:32	178 Bayview Newmarket, NH 03857-	Based	KC135	Repeat caller. "This is September 12th at approximately 9:30 PM another aircraft has flown directly targeting my house. The lights just pouring into my house, the noise just defining the dangerous condition is absolutely deliberate and again I'm pointing out and documenting one more of one of your planes crashing, the loss of life, property, limb was foreseeable and I do trust that at that time all of the people from Pease will be criminally prosecuted....Again I am looking forward to the criminal prosecutions. Good evening".	She has been contacted in the past about her concerns.
24	9/12/2016 21:27	178 Bayview Newmarket, NH 03857-	Based	KC135	Repeat Caller. "Reporting that in the last four minutes two other aircraft coming from Pease are targeting my property in Newmarket located on Great Bay... Also given the fact through the darkness, when the plane crashes not only will the poor victims be suffering from loss of life but the survivors will be struggling because it is so dark that they can't see. Perhaps you saw some of tragic with the fire and the blindness on the 9/11 that was on television reminding us all of the tragedy that occur that when an aircraft carriers crash into places where people are. And in Durham you not only have residences but you have the library there where students are at this hour. And all the other victims who will be harmed when the aircraft does crash here in the area. As you know by now the purpose of this call is to log in the liability the foreseeability and the fact of the failure to prevent what should have been prevented. Good evening."	She has been contacted in the past about her concerns.

PDA Noise Control Log

For the Period: 09/01/16 to 09/30/16

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
25	9/12/2016 21:16	178 Bayview Newmarket, NH 03857-	Based	KC135	Repeat caller. "I'm calling to log in that another plane has targeted my property coming from Pease. An extremely dangerous situation.... The property and the people placed at risk by this catastrophe coming from Pease are located in Newmarket. On the Newmarket/Durham town line situated on Great Bay"	She has been contacted in the past about her concerns.
26	9/12/2016 20:33	178 Bayview Newmarket, NH 03857-	Based	KC135	Repeat caller. "Another plane has targeted my property, almost crashing overhead, so I'm documenting this call"	She has been contacted in the past about her concerns.
27	9/14/2016 22:46	178 Bayview Newmarket, NH 03857-	Based	KC135	My property has been excessively targeted. Very, very dangerous situation. My property is located on Great Bay on the Newmarket/Durham town line. I demand you shut down the airport in its' entirety. Again I demand to shut the airport down. No more planes. Again I'm logging a life safety threat. Shut the airport down.	She has been contacted in the past about her concerns.
28	9/14/2016 10:32	178 Bayview Newmarket, NH 03857-	Based	2 KC135s	Another aircraft coming from Pease has targeted my home located on Great Bay in newmarket on the Newmarket/Durham town line. There are thousands of birds that the plane will possibly collide with. There is a very very dangerous situation. There are 10's of thousands of people nearby. You have no contingency plan to deal with the catastrophe. I trust there will be criminal prosecutions. People are sleeping they are not expecting to die from a plane crash coming from Pease.	She has been contacted in the past about her concerns.

PDA Noise Control Log

For the Period: 09/01/16 to

09/30/16

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
29	9/14/2016	178 Bayview Newmarket, NH 03857-	Based	2 KC135s	I'm just calling to report that the planes are still targeting my property. I can hear thousands of birds outside and the planes are going overhead and the catastrophe is eminent. There are 10's of thousands of people also located near by and will be impacted by the collision. Goodbye.	She has been contacted in the past about her concerns.
30	9/14/2016	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Email: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
31	9/14/2016	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Email: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
32	9/15/2016	178 Bayview Newmarket, NH 03857-	Based	KC135	Repeat caller. " Another aircraft is targeting my property, out of concern of life, limb and property. Lots and lots of birds here gathering. It is an absolute catastrophe with planes. Thank you"	She has been contacted in the past about her concerns.
33	9/15/2016	178 Bayview Newmarket, NH 03857-	Unknown	G4	Repeat caller. "Logging in another life safety problemAnother aircraft targeting my home in Newmarket...."	She has been contacted in the past about her concerns.
34	9/15/2016	178 Bayview Newmarket, NH 03857-	Based	KC135	Repeat caller calling with a life safety concern of another aircraft targeting her home. "Obviously the odds are someone will be damaged, property wise, someone will be killed, someone may suffer a loss of a limb and all of these horrible horrible things are foreseeable and because my property is targeted I am one of these people that is going through this the worst."	She has been contacted in the past about her concerns.

PDA Noise Control Log

For the Period: 09/01/16 to 09/30/16

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
35	9/15/2016	178 Bayview Newmarket, NH 03857-	Based	KC135	Repeat caller. "Another aircraft. the screech is just absolutely unbearable. Again this is a single zone residential area. we are not an airport. We're not in Newington. We're are people just trying to live our own lives and mind our own business. I told you guys last night at 10:40 to seize operations over my property. inaudible .. you will be sued and I will see that your operations are shut down in the government and you will lose you funding because you failed to respond and ensure the personal life safety and businesses of all the people who you are impacting with your misconduct and negligence. Thank you."	She has been contacted in the past about her concerns.
36	9/15/2016	178 Bayview Newmarket, NH 03857-	Based	KC135	"I called a few minutes ago. Another aircraft has come over in the vicinity of my property in Newmarket. (states her location) And a follow up on why you should loose your funding is leaving Pease and flying into flocks of birds....."	She has been contacted in the past about her concerns.
37	9/15/2016	178 Bayview Newmarket, NH 03857-	Based	KC135	Repeat caller. "Another aircraft coming from Pease being reported. Basically what we're looking at here in part is Federal funds being used for flights into flocks of birds. And these are not dodo birds....."	She has been contacted in the past about her concerns.
38	9/15/2016	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
39	9/15/2016	178 Bayview Newmarket, NH 03857-	Unknown	unknown	Repeat caller with concerns of aircraft targeting her home. Caller lists different airlines with bird strikes and includes the dates.	She has been contacted in the past about her concerns.

PDA Noise Control Log

For the Period: 09/01/16 to 09/30/16

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
40	9/15/2016 12:12	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Return trip. Much lower and louder than usual. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
41	9/15/2016 11:43	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter, outbound. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
42	9/15/2016 16:48	178 Bayview Newmarket, NH 03857-	Unknown	unknown	Another aircraft from Pease is targeting my home.	She has been contacted in the past about her concerns.
43	9/15/2016 9:30	252 Marne Portsmouth, NH 03801	Unknown	unknown	Last night between 2 and 3 a plane came in so low I thought it was coming into my bedroom. It felt like it was right on top of the house. It made so much noise it woke me up. It kind of scared me. I thought it was going to crash into my house, it was so low. It really scared me. Thank you.	Spoke with the caller on 9/15. McDonough did not have an aircraft arriving at that time but would look into it further. McDonough follow up with the NHANG and they did not have a flight at that time.
44	9/16/2016 13:46	178 Bayview Newmarket, NH 03857-	Based	KC135	Repeat caller. "Logging another dangerous aircraft problem coming from Pease towards my property and all personal belongings and lives of anyone near by..."	She has been contacted in the past about her concerns.
45	9/16/2016 14:10	178 Bayview Newmarket, NH 03857-	Based	KC135	Repeat caller. "Another aircraft coming from Pease, in dangerous proximity to my property on Great Bay...."	She has been contacted in the past about her concerns.
46	9/16/2016 13:41	178 Bayview Newmarket, NH 03857-	Based	KC135	Repeat caller. "I'm just logging in again several planes coming overhead. Another one, I can see everything inside the aircraft and again there are thousands of birds here and you are absolutely going to have a collision going on....."	She has been contacted in the past about her concerns.

PDA Noise Control Log

For the Period: 09/01/16 to 09/30/16

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
47	9/16/2016	13:51	68 Miller Avenue Portsmouth, NH 03801-	Based Robinson	Emailed: NOISE COMPLAINT - Red helicopter directly over my house, return trip. EXTREMELY LOW, very loud. I guess there's no limit on how low this guy can fly? Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
48	9/16/2016	14:26	178 Bayview Newmarket, NH 03857-	Based 2 KC135s	Repeat caller. "Another aircraft, right in the cove. I can see clearly see everything and again you have thousands of birds here flocking, flying up in the air and you have an absolute disastrous circumstance here."	She has been contacted in the past about her concerns.
49	9/16/2016	13:19	178 Bayview Newmarket, NH 03857-	Based 2 KC135s	Repeat caller. "Calling to log in another aircraft coming from Pease in the proximity of my property....."	She has been contacted in the past about her concerns.
50	9/16/2016	16:26	178 Bayview Newmarket, NH 03857-	Unknown	Repeat caller. "I'm reporting two aircraft targeting my property within 60 seconds of each other. there are extremely high wings out here which is making the circumstances even more volatile than when they are coming every 75 seconds....."	She has been contacted in the past about her concerns.
51	9/16/2016	18:27	178 Bayview Newmarket, NH 03857-	Unknown	Repeat caller.The planes are ongoing, the winds are very very high, the flocks of geese, duck and other animals are unknowing and what you have here is a recipe for disaster.....	She has been contacted in the past about her concerns.
52	9/16/2016	12:28	178 Bayview Newmarket, NH 03857-	Based KC135	Repeat caller. "I'm calling to log in another problem coming from Pease Another aircraft coming dangerously close to my property....."	She has been contacted in the past about her concerns.
53	9/16/2016	14:16	178 Bayview Newmarket, NH 03857-	Based KC135	Repeat caller. "I'm calling to log in another dangerous citation. Another aircraft from Pease targeting my property in Newmarket....."	She has been contacted in the past about her concerns.

PDA Noise Control Log

For the Period: 09/01/16 to 09/30/16

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
54	9/16/2016 13:32	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter, outbound trip.	Individual has indicated in the past that a call back is unnecessary.
55	9/16/2016 16:15	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter, outbound trip. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
56	9/16/2016 16:21	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter directly over my house, return trip. Lower and louder than usual. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
57	9/16/2016 17:13	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter directly over my house, return trip. EXTR EMELY LOW. Much lower than usual, so much louder. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
58	9/17/2016 22:01	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
59	9/17/2016 21:44	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
60	9/18/2016 12:21	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter directly over my house, return trip. Lower and louder than usual. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
61	9/18/2016 12:14	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter, outbound trip. Thanks, P.D.A.	Individual has indicated in the past that a call back is unnecessary.
62	9/18/2016 13:13	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter directly over my house, return trip. Much lower and louder than usual. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.

PDA Noise Control Log

For the Period: 09/01/16 to 09/30/16

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
63	9/18/2016	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
64	9/18/2016	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter, outbound trip. Thanks, P.D.A.	Individual has indicated in the past that a call back is unnecessary.
65	9/21/2016	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter directly over my house, return trip. Lower than usual. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
66	9/21/2016	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter, outgoing trip. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
67	9/22/2016	220 Little Bay Road Newington, NH 03805	Based	KC135	Emailed: Why is a C17 doing touch and goes heading out over Newington as late as 10:55 pm on Thursday, 9/22?	Left message. The aircraft flying at 10:55 PM was a military based KC135 and our voluntary noise procedures states based aircraft can train until 11 PM.
68	9/22/2016	253 Pleasant Valley Road Dover, NH 03827	Based	KC135	"For the past two days we have had a tremendous amount of low flying planes that are extremely noisy. My husband is not well and he was awakened last night at 10:30 PM thinking a plane was going to crash. It is rumbling, loud and noisy. I don't know if we're on the tarmac of your airport or what but it is horrible. Thank you for your concern. I hope you are concerned. Bye."	The phone number is no longer in service. ATC was working multiple aircraft in the pattern and often extend aircraft to keep ample separation. Runway 16 was in use which could explain more activity over Dover.
69	9/22/2016	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson	Emailed: NOISE COMPLAINT - Red helicopter	Individual has indicated in the past that a call back is unnecessary.

PDA Noise Control Log

For the Period: 09/01/16 to 09/30/16

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
70	9/23/2016 11:23	111 Dodge Avenue Portsmouth, NH 03801-	NonBased	F35, KC767A	"I'm calling on 9/23 and the time is 11:23PM. I am concerned about all of the jet noise I'm hearing overhead. It was also very prevalent yesterday. It's really getting out of hand. I would like it to stop. that's what I would like. It's noise pollution."	Spoke with the caller on 10/11. McDonough discussed the aircraft that flew on that day and the day before. The Italian Airforce including a B767 support tanker along with an F-35 departed during the time the caller was referring to. There was also on based kc135 training in the area. Runway 16 was in use due to weather. There was also a mix of non military jets that also flew in that timeframe.
71	9/24/2016 19:05	178 Bayview Newmarket, NH 03857-	NonBased	P3	Repeat caller. " Just to log in another aircraft flying low, dangerously close to our property. Lot's and lots of geese, ducks and other animals and so on...."	She has been contacted in the past about her concerns.
72	9/24/2016 18:25	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house. Thanks, P.D.A.	Individual has indicated in the past that a call back is unnecessary.
73	9/24/2016 18:12	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter	Individual has indicated in the past that a call back is unnecessary.
74	9/25/2016 12:42	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter, outbound trip. Thanks, P.D.A.	Individual has indicated in the past that a call back is unnecessary.
75	9/25/2016 11:22	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house, return trip. Lower and louder than usual. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
76	9/25/2016 13:24	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house, return trip. Lower and louder than usual. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.

PDA Noise Control Log

For the Period: 09/01/16 to 09/30/16

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
77	9/25/2016 14:01	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter, outbound trip. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
78	9/25/2016 14:40	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house, return trip. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
79	9/25/2016 11:18	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter, outbound trip. Thanks, P.D.A.	Individual has indicated in the past that a call back is unnecessary.
80	9/26/2016 8:37	178 Bayview Newmarket, NH 03857-	Unknown	unknown	Repeat caller. "Calling to report non-stop harassment every few seconds. There is no question about it, every few seconds. We're not an airport. This is a single family residential area. We are not zoned for this noise and I want it stopped. The likelihood of one of your planes crashing here, killing people causing loss of life limb and property exists and it's highest here because you are targeting us. There is miles and miles and miles for you to fly someplace else. Stop targeting my property. Thank you".	She has been contacted in the past about her concerns.
81	9/26/2016 8:44	178 Bayview Newmarket, NH 03857-	Unknown	unknown	Repeat caller. "Every few seconds this incessant harassment and noise. It just doesn't stop. You can't even live here and you people are driving everybody crazy. Please stop you have miles and miles to fly someplace else without targeting property and homes and peoples lives. This is very dangerous and your absolutely criminally negligent."	She has been contacted in the past about her concerns.
82	9/26/2016 15:25	68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopters	Emailed: NOISE COMPLAINT - Red helicopter directly over my house, return trip. Lower and louder than usual. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.

PDA Noise Control Log

For the Period: 09/01/16 to 09/30/16

Call Date	Time	Caller ID	Location	Aircraft	Narratives	Follow Up
83	9/28/2016	17:55 68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house, return trip. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
84	9/28/2016	17:36 68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter, outbound trip. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
85	9/29/2016	18:23 68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter directly over my house, return trip. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.
86	9/29/2016	18:05 68 Miller Avenue Portsmouth, NH 03801-	Based	Robinson helicopter	Emailed: NOISE COMPLAINT - Red helicopter, outbound trip. Thanks P.D.A.	Individual has indicated in the past that a call back is unnecessary.

MOTION

Director Allard:

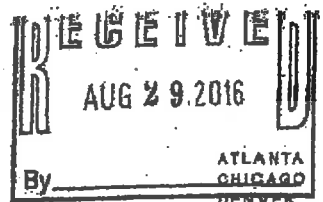
The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds in the total amount of \$11,256.11 for legal services rendered to the Pease Development Authority by:

1. Kutak Rock LLP	
Through July 31, 2016	\$ 1,800.00*
Through August 31, 2016	\$ 5,811.11*
	<u>\$ 3,645.00</u>

Total \$11,256.11

*Note: The City of Portsmouth will pay the remaining balances.

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KUTAK ROCK LLP

SUITE 800
1625 EYE STREET, NW
WASHINGTON, DC 20006-4061

202-828-2400
FACSIMILE 202-828-2488

www.kutakrock.com

By _____
ATLANTA
CHICAGO
DENVER
FAYETTEVILLE
IRVINE
KANSAS CITY
LITTLE ROCK
LOS ANGELES
MINNEAPOLIS
OKLAHOMA CITY
OMAHA
PHILADELPHIA
RICHMOND
ROGERS
SCOTTSDALE
SPOKANE
WICHITA

BARRY P. STEINBERG
barry.steinberg@kutakrock.com
(202) 828-2316

August 23, 2016

Suzanne M. Woodland
Deputy City Attorney
City of Portsmouth
1 Junkins Avenue
Portsmouth, NH 03801

Lynn Hincee
Pease Development Authority
55 International Drive
Portsmouth, NH 03801

Re: *General*

TOTAL CURRENT AMOUNT DUE

\$2,832.95

KUTAK ROCK LLP

WASHINGTON, D.C.

Telephone 202-828-2400

Facsimile 202-828-2488

Federal ID 47-0597598

September 19, 2016

Suzanne M. Woodland
Deputy City Attorney
City of Portsmouth
1 Junkins Ave.
Portsmouth, NH 03801

Lynn Hinchee
Pease Development Authority
55 International Drive
Portsmouth, NH 03801

Check Remit To:

Kutak Rock LLP

PO Box 30057

Omaha, NE 68103-1157

Wire Transfer Remit To:

ABA #104000016

First National Bank of Omaha

Kutak Rock LLP

A/C # 24-690470

Reference: Invoice No. 2212299

Client Matter No. 294603-1

Invoice No. 2212299
294603-1

TOTAL CURRENT AMOUNT DUE

\$11,037.22

APPROVED FOR
PAYMENT
LEGAL: *[Signature]*
\$5811.11

KUTAK ROCK LLP

WASHINGTON, D.C.

Telephone 202-828-2400

Facsimile 202-828-2488

Federal ID 47-0597598

September 19, 2016

Ms. Lynn Hinchee
Pease Development Authority
55 International Drive
Portsmouth, NH 03801

Check Remit To:

Kutak Rock LLP

PO Box 30057

Omaha, NE 68103-1157

Wire Transfer Remit To:

ABA #104000016

First National Bank of Omaha

Kutak Rock LLP

A/C # 24-690470

Reference: Invoice No. 2219405

Client Matter No. 301603-1

Invoice No. 2219405

301603-1

TOTAL CURRENT AMOUNT DUE

\$3,645.00

COPY

PEASE DEVELOPMENT AUTHORITY

PORT COMMITTEE MEETING

THURSDAY, OCTOBER 06, 2016 @ 8:00 A.M.

1. CALL TO ORDER
2. APPROVE MINUTES OF THE MARCH 17, 2016 MEETING*
3. FINANCIAL REPORT – Irv Canner
4. DIVISION DIRECTOR'S REPORT – Geno Marconi
5. OLD BUSINESS
6. NEW BUSINESS
7. PUBLIC COMMENT
8. NON-PUBLIC SESSION* (Director Torr)
9. VOTE OF CONFIDENTIALITY* (Director Bohenko)
10. ADJOURNMENT
11. PRESS QUESTIONS


*Supporting Documentation Attached

MOTION

Director Bohenko:

Subject to the approval of the Capital Budget Overview Committee for the release of funds from the Port Expansion Fund, the Pease Development Board of Directors hereby authorizes the Executive Director to enter into an agreement with Appledore Marine Engineering, Inc., PDA's marine engineering consultants, in an amount not to exceed \$109,500, for purpose of conducting an inspection of the Main Wharf at the Market Street Terminal to document the condition of the facility; all in accordance of the memorandum of Geno J. Marconi, Division Director, dated October 5, 2016 attached hereto.

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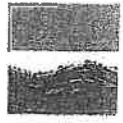
Date: October 5, 2016
To: PDA Board of Directors 
From: Geno Marconi, Port Director
Subject: Main Wharf Inspection

The Pease Development Authority Division of Ports and Harbors requests that the Pease Development Authority Board of Directors authorize the expenditure of not more than \$109,500.00 from the Port Expansion Fund, subject to approval by the Capital Budget Overview Committee, for the following purpose:

1. Main Wharf Inspection to document the condition of the facility

It is recognized marine industry standard to routinely inspect marine terminal facilities. It has been 9.5 years since the last inspection The Main Wharf at the Market Street Marine Terminal is due an inspection. The inspection is necessary to determine the condition of the existing Main Wharf for planning purposes.

Therefore the Pease Development Authority Division of Ports and Harbors requests authorization to expend not more than \$109,500.00 from the Port Expansion Fund for a Main Wharf Inspection in accordance with the attached proposal from Appledore Marine Engineering, the Division's "on-call" marine engineering company and subject to final approval by the Capital Budget Overview Committee in accordance with the provisions of Chapter 351:5, Laws of 1991, amended by Chapter 2, Laws of 2013. The balance of the Port Expansion Fund is \$5,540,822.13



Appledore Marine Engineering, LLC

600 State Street, Suite E | Portsmouth New Hampshire 03801

346 Commerce Boulevard | Port Saint Joe Florida 32456
1700 Seventh Avenue | Suite 2100 | Seattle Washington 98101
Seven Waterfront Plaza | 500 Ala Moana Boulevard Suite 400 | Honolulu Hawaii 96813

August 1, 2016

Captain Geno Marconi
Director Division of Ports and Harbors
555 Market Street, PO Box 369
Portsmouth, New Hampshire 03802

Re: Proposal to Provide Marine Engineering Services
Main Wharf Routine Inspection

Dear Captain Marconi:

Appledore Marine Engineering, LLC. (AME) is pleased to present this proposal for Marine Engineering services for the above-referenced project. This proposal will discuss the Background, Scope of Services, Schedule of Work and Fee for the services required to complete the work. This project includes the Routine above and underwater inspection of the Main Wharf at the Market Street Marine Terminal, in accordance with this scope of work.

BACKGROUND

The main wharf is constructed of steel caisson supporting concrete pile caps and deck. The structure was constructed in two vintages, 1964 and 1977. The structure was previously inspected in 1996 and 2006. The last inspection determined that the structure was in overall Fair condition with \$3,600,000 in recommended repairs. In accordance with the ASCE Underwater Investigations practice manual it is recommended that marine structures in the marine environment be inspected every 4 years.

This inspection is being undertaken to assess the general condition of the wharf structure and provide recommendations for repairs.

It is anticipated that a likely follow on task would be to conduct concrete coring of the primary structural elements. The core samples would allow detailed material testing that would be used to define the repair design project if required.

SCOPE OF SERVICES

The Scope of Services includes document research, coordination with terminal personnel and local marine authorities, and conducting a Routine above and underwater inspection. The findings will be summarized in a report with recommendations and budgetary maintenance and repair construction costs.

AME has identified the following tasks as necessary to complete the scope of work:

Task 1: Routine Inspection

This inspection will include a Level 1 inspection that is limited to outwardly visible defects and relying on sampling small percentages from a Level 2 inspection on 10% of the structure to infer overall structural condition. The Level 1 inspection will involve visual/tactile techniques on 100-percent of the above water and underwater elements, as well as a Level 2, detailed inspection, on approximately 10-percent of the underwater elements. The detailed inspection includes cleaning the element at three (3) elevations to remove loose material and marine growth. For steel elements, we will obtain ultrasonic thickness readings and voltage potential measurements. The intent of the field inspection is to identify general defects and modes of deterioration, which will be used to provide overall structural condition assessments and recommendations. Where recommendations are based on sampling on a limited percent of the elements, the findings will be extrapolated to the remainder of the structure to provide budgetary estimate for the anticipated repairs.

The field inspection will be completed by an in-house team of engineer-divers. The team will be led by a licensed professional engineer and all team members will be commercially certified divers. Diving operations will be scheduled around slack tides.

Excluded from this scope of work are utilities, lights, cranes, towers, piping, ladders and handrails.

Task 2: Routine Inspection Report

Following the field inspection outlined in Task 1, AME will prepare a routine inspection report that will summarize the results of the inspection. The report will describe the observed conditions, provide photographic documentation, and outline recommended repair items. Repair recommendations will be phased based on priority taking into account both structural condition and operational capabilities.

SCHEDULE

AME understands that this work will need to be coordinated around facility operations and will work with the Port Director to develop a logical time and schedule to perform the field investigation. Upon completion of Task 1, AME will provide a draft report for review within 30 calendar days. AME will issue a final report within one (1) week of receipt of any comments.

FEES FOR CONSULTING SERVICES

Fees for Consulting Services will be on a firm fixed fee basis in accordance with the following schedule:

Total Fixed Fee	\$ 109,500
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August 1, 2016

AME will invoice the PDA-DPH monthly based on the percent completed on the project. Payment will be due within thirty (30) days from the date of invoice. If this letter satisfactorily sets forth your understanding of our agreement, please sign and return a copy to us. Receipt of the signed copy will serve as our Notice to Proceed (NTP).

Thank you for giving us the opportunity to present a proposal for this work and to continue serving PDA-DPH. If you have any questions or require additional information, please do not hesitate to contact me.

Regards,



Noah J. Elwood, P.E.
President

Accepted this _____ day of _____, 2016

By: _____

For the Pease Development Authority Division of Ports and Harbors