

PEASE DEVELOPMENT AUTHORITY
Thursday, October 18, 2018

PUBLIC AGENDA

Time: 10:30 a.m.

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

- I. Call to Order
- II. Acceptance of Meeting Minutes: September 20, 2018*
- III. Public Comment
- IV. Old Business
 - 1. Request for Rehearing – PDA Zoning Ordinance Part 319*
 - a) Town of Newington*
 - b) Seacoast Helicopters, LLC*(Note: Additional materials may be provided under separate cover.)
 - 2. Housing Task Force Study Committee* (Bohenko)
(Note: Memorandum to be provided under separate cover.)
- V. Audit Committee*
- VI. Finance
 - A. Reports
 - 1. Operating Result for Two Month Period Ending August 31, 2018*
 - 2. Nine Month Cash Flow Projections to June 30, 2019*
 - B. Approvals
 - 1. Certified Financial Statements* (Lamson)
- VII. Licenses/ROE/Easements/Rights of Way
 - A. Approvals
 - 1. Jalbert Leasing, Inc. dba C & J Bus Lines – ROE* (Allard)
- VIII. Leases
 - A. Reports
 - 1. 75 New Hampshire, LLC – MMG Insurance*
 - 2. Two International Group, L.L.C. – Nvest Financial Group, LLC*
 - 3. 100 International, LLC – Law Office of William A. Trafidlo, P.L.L.C.*
 - 4. International Association of Privacy Professionals – 75 Rochester Avenue*
 - B. Approvals
 - 1. Thermo Fisher Scientific, Inc. – Lease Amendment No. 5* (Torr)
 - 2. Allegiant Air, LLC – Terminal Lease and Airfield Operating Agreement Amendment No. 5* (Levesque)

3. Frontier Airlines – Terminal Lease and Airfield Operating Agreement* (Loughlin)
4. TCV Albany, Inc. dba FirstLight Fiber – Lease* (Lamson)

IX. Contracts/Agreements

A. Reports*

1. ADB Safegate – Additional Funding

B. Approvals

1. Piscataqua Landscaping and Tree Service, LLC – Landscaping and Snow Removal Contract* (Allard)
2. Electricity Provider*** (Bohenko)

X. Executive Director’s Reports/Approvals

A. Reports

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

B. Approvals

1. Bills for Legal Services* (Loughlin)

XI. Division of Ports and Harbors

A. Reports

1. Port Advisory Council*
2. Commercial Mooring Transfer*
3. PC Connection – ROE*
4. Boston Line & Service Co., Inc. – ROE*

B. Approvals

1. Pda Rules 400 – Readoption* (Torr)
2. Juliet Marine Systems, Inc. – ROE* (Levesque)

XII. New Business

XIII. Upcoming Meetings

Port Committee	Thursday, November 1, 2018 (55 Market Street)
Golf Committee	Tuesday, November 13, 2018
Finance Committee	Tuesday, November 13, 2018 at 8:30 a.m.
Board of Directors	Thursday, November 15, 2018

All Meetings begin at 8:00 a.m. unless otherwise posted.

XIV. Directors’ Comments


XV. Non-Public Session* (Allard)

1. Leasing

XVI. Vote of Confidentiality* (Loughlin)

XVII. Adjournment

XVIII. Press Questions

- * Related Materials Attached
- ** Related Materials Previously Sent
- *** Related Materials will be provided under separate cover
- + Materials to be distributed at Board Meeting
-  Confidential Materials

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

Thursday, September 20, 2018

Presiding: Kevin H. Smith, Chairman
Present: Peter J. Loughlin, Vice Chairman; Robert A. Allard, Treasurer; John P. Bohenko;
Margaret F. Lamson; Neil Levesque and Franklin G. Torr
Attending: David R. Mullen, Pease Development Authority ("PDA") Executive Director; Lynn
M. Hinchee, PDA Deputy Executive Director and General Counsel; PDA staff
members; members of the public.

I. Call to Order

Chairman Smith called the meeting to order at 8:05 a.m. in the Board conference room on the Pease International Tradeport at 55 International Drive, Portsmouth, New Hampshire.

II. Acceptance of Minutes: August 16, 2018

Director Lamson moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby accepts the minutes of the August 16, 2018 Board meeting.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

III. Public Hearing: Seacoast Helicopters, LLC

A public hearing was held regarding Seacoast Helicopters, LLC ("Seacoast"). Chairman Smith read the applications for Conditional Use Permit, Site Review and Subdivision.

Barry Gier from Jones & Beach Engineers, Inc., Bruce Cultrera, owner of Seacoast Helicopters, LLC ("Applicant" or "Seacoast") and Attorney David Wing from Wing & Weintraub, P.C. were in attendance on behalf of the Applicant. Mr. Gier explained the background of the project on the North Apron of the airport. The intent is to subdivide a 2½ acre parcel for lease by Seacoast for the development of an 8,000 s.f. hangar and office with intent to expand to a total of a 16,000 s.f. building. The site is on the North Apron which is a concrete apron with existing drainage. It also has a 40' paved shoulder adjacent to the concrete apron. There is a 12" water main that surrounds the North Apron and a 4" sewer force main that terminates at the end of the North Apron cul-de-sac. The proposed improvements include the reconstruction of the existing paved shoulder from 40' wide to 30' wide which will be repaved. Some of the current concrete around the building will be removed and the parking areas decreasing the amount of impervious pavement on the project and decrease the amount of stormwater generated by the project. Seacoast will mitigate stormwater by installing three mechanical oil/water separators. Water connection is to the existing 12" water main. A septic tank/pump station will be installed to the existing 4" force main to the end of the cul-de-sac. Phase I will include a proposed septic tank as a storage tank that will be pumped periodically until the construction of the section of the sewer from the end of North Apron Road to Arboretum is completed. Power and telephone cable will be installed underground from the end of the cul-de-sac to the project and three-phase power is proposed to be run along North Apron Road to the end of the cul-de-sac. The project does require impact within the wetland buffer and Seacoast is requesting a Conditional Use Permit for the proposed impact which is required for the reconstruction of the paved shoulder that is currently located within the wetland buffer. Seacoast formally requests the approval of its Conditional Use Permit Application, Site Review Application and Subdivision Application.

Director Lamson stated that she has attended the Technical Review Committee meetings and her questions are recorded in the minutes. Director Lamson further stated she is very concerned about the environment relative to the septic location.

In response to Vice-Chairman Loughlin's question regarding approval from NH Department of Environmental Services ("DES") for the holding tank for effluent, Mr. Gier stated that Seacoast has not yet applied for approval but has been in contact with DES and told it is allowable. Mr. Gier explained that the holding tank is not a permanent solution. There is a force main that Seacoast will connect to but it is about 840' short. Once this is connected there will be a continuous forcemain sewer all the way to the gravity sewer.

In response to Director Torr's question whether the drainage will increase or decrease, Mr. Gier stated that drainage will decrease due to the reduction of impervious pavement on the site. In response to Director Torr's questions regarding utilities, landscaping, lighting and building structure, Mr. Gier stated that underground lines will be run from the end of the cul-de-sac to the project and the existing overhead power ends along North Apron Road at the end of the NHANG fence. Seacoast has been in contact with Eversource and proposes running overhead lines along the remainder of North Apron Road to the end of the cul-de-sac and from the cul-de-sac to the building will be run underground. Landscaping is proposed as almost the entire area is concrete or asphalt currently. Seacoast proposes to remove some of the concrete and asphalt around the building and in front of building and put in loam and seed and the same in some of the parking areas. Future building will have lighting in the back of the building, the apron side and the front as well. The building will be a steel structure with a pitched/sloped roof.

In response to Director Lamson's question regarding runoff, Mr. Gier stated that it will runoff onto the pavement and be collected in the storm drain system.

Ms. Stowell discussed the Technical Review for the project. The Technical Review Committee ("TRC") talked about adding a gutter along the back of the building. Ms. Stowell reviewed who the members of the TRC are and the three TRC meetings held regarding this project resulting in a recommendation of approval with conditions. Ms. Stowell stated that all conditions were fully met except for one about the connection to the sewer manhole that was not fully addressed in the new plans but can be worked out. Ms. Stowell recommended that the Board add this as a condition about the sewer manhole as a carry through from the TRC. Ms. Stowell pointed out two other issues: sewer disposal and communications wiring. Ms. Stowell stated that, although the TRC thought it would be a decision by DES, she is encouraging that the sewer connection be made now. The second undergrounding issue is power and communications to the site. During technical review there was no technical reason to put it underground but, at the Board level, the Board can make it a condition.

Director Loughlin commented about the TRC's statement of there being no technical reason to run communications underground, and that there will never be a technical reason to do so but, as the North Apron will be developed soon, the utilities should be done now and some allocation of cost given to the Applicant and the future tenants. Ms. Stowell stated that the cost to run from the existing overhead about 600' to the project would be approximately \$60,000-\$65,000 to plant more poles and run more wires according to Eversource. For running underground, Eversource does not put in the underground structures such as manholes and conduit system, but would charge approximately \$75,000 to run the wires underground. It was estimated the total cost for running power and communications underground would be \$250,000-\$300,000.

In response to Director Bohenko's question about whether a proration can be done so Seacoast is not paying the entire cost for communications and what is the impact that Seacoast is providing, Ms. Stowell responded that Seacoast could run overhead now and set aside money for the running underground in the

future. Director Bohenko's recommendation would be to formulate a proration for allocation of costs for utilities. In response to Ms. Hinchee's suggestion that Ms. Stowell explain that the staff looked at the future NHANG development area and that PDA does not have control over NHANG activities, Director Bohenko suggested getting a surety from Seacoast on their prorated percentage and is concerned that if underground is not run now, it will not get done. Ms. Hinchee explained that the NHANG also has access to the apron for their use and are intending expansion in that area as well. Director Bohenko stated that the federal government and the Dept. of Defense try to be accommodating. In response to Director Lamson's suggestion, Ms. Stowell explained where the North Apron is, where the NHANG and the project are.

In response to Director Allard's question about whether there are safety issues by running overhead utilities, Ms. Stowell explained that is why the overhead utilities were stopped at the cul-de-sac. Mr. Cultrera further explained that wires are a number one concern for helicopter flying safety and pilots are acutely aware of overhead wires at PDA and elsewhere. Students always have instructors with them when flying.

Attorney Wing addressed the Board with concerns regarding Ms. Stowell's memorandum to the Planning Board on the two conditions recommended by the TRC. The first condition pertains to the two-phase design of the sewer system. The TRC went through three meetings, the plan was approved and Seacoast received a letter dated August 14, 2018 from PDA that there were stipulations that had to be met. The memorandum dated September 12, 2018 stated there were two major issues that need to be addressed which are major cost issues for Seacoast. PDA is asking Seacoast to spend over \$1 million to tie into the sewer system and is almost a mile away from the Seacoast facility. The line needs to go down 835' and the cost is tremendous to put that in. The second concern is running the utilities underground. At a minimum for both issues, the costs should be prorated to Seacoast. To stop the project until Seacoast commits to running the 835' line for sewer is not fair and is a hard burden to meet to allow the project to go forward. Also at a minimum, Seacoast would like the project to be approved with the two-phase system and DES can address the two-phase system and permitting. The same issue applies to running utilities underground. The \$300,000 cost for underground versus the \$65,000 cost for overhead utilities. Seacoast requests the Board approve the Applications without the conditions in Ms. Stowell's September 12, 2018 memorandum.

Ms. Stowell addressed the TRC review of the sewer connection specifically in two TRC meetings and meetings with Public Works to see how it could be done. The sewer line is large and not intended for a small user. The first suggestion was a holding tank which was rejected because a permanent building was being constructed and a permanent connection needs to be made. This permanent connection went through the first two TRC meetings but at the last TRC meeting it was back to the holding tank system and raised as a comment about it again being two-phased. TRC let it go because Seacoast would need to get DES permit approval any way. The issue was never a clear cut approval.

Ms. Hinchee pointed out to the Board that, under the Land Use Controls, when the Board sits as a Planning Board, the Board has an absolute right to add any conditions considered appropriate. The Board does not have to accept, in toto, any recommendations brought to it.

Attorney Wing rebutted Ms. Stowell's statements by reporting that Seacoast will be a small generator of waste and understood that it would be more sanitary to not have effluent in the pipes for a long period of time. Mr. Gier further explained that there is currently a force main that was installed with North Apron Road that extends the length of North Apron Road and at the end of the cul-de-sac. The Seacoast project will install a force main from the proposed septic tank with the ability to install a pump at that tank to discharge the septic tank down the line. There is currently a section of sewer on Arboretum that isn't installed. The plans show a connection of the force main located on Arboretum and the force main will be connected to the gravity sewer on Arboretum. Seacoast is asking for the time for it to be constructed and to make the connection. It takes 16 days under this design to pump from one end to the other.

In response to Director Lamson's question to Seacoast to explain what it means by "small generator," Mr. Gier reported that DES calculated Seacoast is at 150 gallons per day for the building which usage is equivalent to a one-bedroom residential building.

Director Bohenko requested that the Board move to the public comment section of the meeting as they have been waiting for approximately 45 minutes to speak. The speakers were called and spoke as follows:

Ken Latchaw, a selectman for the Town of Newington ("TON") and representing other selectmen and the Town of Newington, speaking against Seacoast Site Review building on the North Apron in the proposed location. They do not agree with the new location for the following reasons: (1) will adversely affect the residents and their quality of life; (2) moving closer to Newington will increase intensity of noise pollution that already exists; (3) TON representative requested that a new noise study be conducted but was told the cost was too much and the amount of noise was not changing; (4) Seacoast is not adhering to the normal hours of operation, the TON representative requested a sound barrier and a new study is needed; (5) PDA complaint line is ineffective and needs to change the system to register complaints easily; and (6) has PDA given any consideration to giving Seacoast a location at Skyhaven Airport ("DAW").

T. Stephen McCarthy, a Portsmouth resident for 54 years, spoke to offer his full support and complete approval of Seacoast Applications and relocation. Seacoast has complied with all laws, restrictions, licensing and ordinances in its operations and should not be deprived to operate and grow its business. Pease airport itself is underutilized. Seacoast drives interest to the local area. The government and citizens do not have a right to deprive a business from growing. Great Bay Community College has a curriculum labeled "Aviation Technology Helicopter" that offers Associates degrees. This would not exist without the facilities and personnel of Seacoast. Seacoast deserves the right to operate and grow. Mr. McCarthy stated he has two decks on his home and not once has Seacoast threatened his covenant of quiet enjoyment.

Doug Ross, a Newington resident, stated that Seacoast has been a "sporadic annoyance" flying overhead. Mr. Ross is concerned that the expansion/relocation would generate more flights and, therefore, more noise. Mr. Ross spoke about prior studies done on helicopter operations. One report goes back to 1982 and is 163 pages long. This report addresses the noise exposure contours for use in environmental impact studies. It states: "In recognition of growing public concerns over potentially adverse noise impact associated with helicopter operations, the FAA encourages helicopter and heliport operators to analyze noise impact as part of the normal heliport planning process." Mr. Ross has asked that PDA hold any decision in abeyance until a noise impact study is done to determine the decibel level based on this expansion. Mr. Ross further discussed a report pertaining to eagles. Mr. Ross stated that when he wanted to get approval to have a floating dock put in at this property several years ago, he had to have an impact study done to determine, among other things, the impact on an eagle nest at the Great Bay Reserve. The name of the 2013 study is: "Helicopter Tours Change Routes to Protect Eagle Nests." Mr. Ross read a statement from one of the pilots indicating they gave the eagles a wide berth before and stayed 2,000 feet away but now they are staying a mile out and 1,000 feet above the ground. Mr. Ross asks for consideration in this regard.

Deirdre Wallace, a Portsmouth resident, stated that there has been aircraft flying over her house but that activity has been mostly military. Ms. Wallace further states that Seacoast has dramatically decreased the enjoyment she gets from being in her back yard and, during one over-the-fence chat with a neighbor, the conversation was interrupted five times from the noise of the helicopter tours overhead. Ms. Wallace stated she has called the noise complaint line, got an answering machine, left a message, and received a call back after three weeks and Ms. Wallace reiterated the substance of the call including a statement that PDA

does not have any power over the flight paths of the helicopters. Ms. Wallace questions the purpose of the noise complaint line other than for statistical data. Ms. Wallace has questions as to how many PDA Board members, staff of the helicopter company live under the tour routes, what kind of emissions standards do the helicopters have, and can we ignore the impact on climate change to which this activity is contributing.

Mike Dater, a Portsmouth resident, stated most of his concerns have already been stated and he has no objections to Seacoast earning a living but it must consider impact on community. The citizens have a right to quiet enjoyment and object to continued and increased operations of Seacoast.

John Stephenson, a Miller Avenue, Portsmouth resident, spoke to the history of this issue which goes back to the summer of 2014. At the onset, there was significant opposition from various surrounding towns. Beginning in 2014, Mr. Stephenson has kept detailed records of the number of flights over his house and recorded in 2014 there were 115 times, 2015 there were 291 times over his house. In 2016 Seacoast got an additional helicopter which included a transponder that allowed monitoring of altitude and location via the internet. In 2016 there were 279 times; 46% of those were on the weekends; the average height was 696 feet as recorded by the transponder. Seacoast has disputed the altitudes shown on the internet. The PSM tower can record instrument landings and has the records of the altitude of the helicopters so there can be a comparison done between the transponder altitude readings and the internet readings. In 2017 there were 324 flights over his house and in 2018 there have been 77 times. Mr. Stephenson next spoke about the loudness of the helicopter operations and the certification data for 492' is 80.9 dba. The helicopter noise is loud and persistent and the helicopters are usually banking when flying over his house so there is a chopping noise as well. The PDA has a voluntary noise mitigation procedure with a voluntary restriction to fly at 2,500'. Under federal law, a fixed wing airplane cannot fly below 1,000' but helicopters are exempt from that law. The altitude translates into noise on the ground and if you cut the altitude in half, it increases the noise by a factor of four. The complaint line is by either phone or email. Recently, the complaint line has been down for seven weeks this year. The response to a phone complaint is that PDA cannot do anything. This discourages complaints but Mr. Stephenson stated he still registers complaints so he can have an independent record. Mr. Stephenson stated that PDA General Counsel will say the Board has no discretion here and Seacoast cannot be turned down. Mr. Stephenson states that the Board members are political appointees and this is a political issue. When Mr. Stephenson did research for this, he found a 1990 USAF environmental analysis that stated an estimated 10,000 gallons of fuel was spilled on the North Apron. Mr. Stephenson contacted CLF for more information. An online petition was set up and there are now 108 names on it.

Robert Chaikin, a Newington resident who lives close enough to PSM to hear the NHANG play the lowering of colors and is greatly supportive of the PDA. Mr. Chaikin stated that PDA has an overall responsibility for all Part 150 compliance issues. Helicopters have a unique difference on the impact to residents from low flying rotor aircraft based on the distinct noise contours. The 2012 Noise Study was published. In 2013 Seacoast and two other airlines came to PSM and the noise study did not take into the helicopter influence on the Part 150 requirements. Mr. Chaikin stated that the study going out to 2019 shows that there were zero takeoffs and landings of helicopters. As the airport operator, the PDA Board is responsible for all Part 150 issues. Mr. Chaikin stated that Seacoast is not relocating but is a new business at Pease asking for subdivision approval to build an 8,000 s.f. facility asking for a 30-year lease with a 10-year option so it can grow. The Pease Quarterly 2018 spring issue contains a full page article on Seacoast where Mr. Cultrera stated it intends to grow. Mr. Chaikin states that if the PDA approves the applications of Seacoast and allows the expansion, it will have a deleterious effect on the quality of life of residents in the surrounding areas. The TRC report states that Seacoast will fly over Route 16 and Tradeport but the majority of the business of Seacoast is training.

Mike Fisher had no comment. Josh Morin (Morse?) and Bob Newell were not in the room.

Mr. Stephenson read through the TRC minutes dated August 9 stipulations regarding an alteration of terrain permit through the DES and the deadline for the permit was September 4 for revised plans and could not track the status of this permitting for the record.

The public comment section of the hearing was closed at 9:26 a.m. Director Bohenko asked that Chairman Smith allow for public comment section of the meeting outside of Seacoast applications and defer the Board discussion on the applications until after. The public comment portion of the regular Board meeting (item IV. on the Agenda) was opened for items outside the Seacoast applications.

Chairman Smith asked Mr. Brean to speak on the Part 150 and whether the noise study was part of the process. Mr. Brean explained that the Part 150 program is on ongoing program. The original study was done for heavy turbine aircraft. There was one rotor craft design in the ongoing study but it was a large turbine helicopter jet referenced in the study. Part of the 150 study is the Noise Abatement program which involves a quarterly meeting that meets and there are representatives from the public, the NHANG, the tower and the general aviation community. On a monthly basis, there is a noise report activity. One employee is dedicated to inquire on all noise abatement inquiries received and keep the data base of complaints. Some inquirers have indicated that they do not want a response, which is the only time they would not get a response. The program is a collaboration between the FAA, the communities and the airport. It is also a tool for communities to use for land use purposes.

The project by Seacoast is a relocation of existing activity at the airport and Seacoast is a tenant of the PSM's FBO on the south side of the airport. Seacoast does hovering training, sling basket training and slope training on a daily basis on the North Apron parcel. Mr. Brean stated that, to his knowledge, there has not been a noise complaint for activity on the North 40 Apron for those training sessions. Helicopters do not need a runway to take off and can receive direct access to depart on the North 40 which allows them to go directly over the Tradeport and onto Route 16. This has taken the demand off Sherborne Village and the Great Bay approach area. Although not all traffic can be reduced in the traffic pattern because of student training and DAW was brought into the discussion as Seacoast training is done at other airports as well.

Mr. Brean further reported that as part of the development process for the next level for Seacoast, then it would be required to apply for an FAA 7460 and the FAA in Washington, DC will review the project for impact. PSM would be required to change the status on the airport layout plan which could trigger an additional noise contour study. PSM staff has worked with local FAA on the Seacoast project and it is unlikely that this project will result in a federally funded noise study. The 7460 application will dictate the need for an additional contour study. Director Lamson pointed out that the area is Little Bay not Great Bay and asked Mr. Brean to explain the Seacoast flight path over the surrounding areas. Mr. Brean explained where Seacoast does its areas and the flight paths for training.

In response to Vice-Chairman Loughlin's question regarding what power the FAA had and what it could do regarding the Part 150 study if the helicopter flights were increased, Mr. Brean stated that specific routes could be developed for helicopters; the tower and Seacoast work those routes now when they can. The FAA would issue a specific flight route for rotor aircraft activity.

Ms. Hinchee stated that, if there is that level of increase in activity, it will not result in grounding the helicopters or limiting the number of operations. The first Part 150 recommended changes to zoning in the local communities regarding the types of construction, such as sound proofing and sound dampening measures, and the communities rejected that. The airport has other issues that it can control, such as patterns. The FAA has control of things off Pease and PDA has control of things that happen directly over Pease airport.

In response to Vice-Chairman Loughlin's question regarding altitudes for helicopters and the transponder apps, Mr. Brean stated his understanding that the app is accurate and once the pilots are out of the towers control, they can fly at their own height as long as it is safe. The airport could not put limitations on the level helicopters can fly at. In response to Vice-Chairman Loughlin's question regarding the altitude of 1,000' for helicopter tours and any record from the tower, Mr. Brean stated that the best practices to stay at 1,000' that the tower would not be able to provide that information once the helicopter is out the control space but will inquire if the tower can provide information regarding takeoffs while in the control space.

Mr. Cultrera discussed the regulations for fixed wing aircraft for absolute altitudes over populated areas (1,000') and unpopulated areas (500'). Helicopters are exempt from that because of the operations such as search and rescue and EMS. Mr. Cultrera further stated that Seacoast does fly at 1,000' and that the application is accurate but there is a time lag which is creating the confusion. When taking off from PSM, the helicopter is climbing to 1,000' but once over downtown or other areas of observation, the altitude registering on the app is from several minutes earlier not the actual altitude during the flyover. The report of 400', 600', etc. that is being reported is from the climb out from PSM. Seacoast pilots fly at 1,000' consistently. During the rare photo flights the altitude can be lower.

Ms. Hinchee clarified that the Board approved the location as its role as landlord and its role today as the Planning Board is to review the compliance with Pease zoning and the technical aspects of the project.

Director Lamson stated that she voted against the location of the Seacoast relocation.

Chairman Smith reviewed the technical conditions of Seacoast applications to get a consensus from the Board. The three conditions to discuss: the force main terminus, the sanitary sewer connection and the underground electrical power and communications conduit system.

Regarding the force main terminus, Ms. Stowell stated it was a condition that came out of the TRC. Mr. Gier stated it was a minor issue that can be worked through. Director Bohenko moved and Director Levesque seconded that **The Pease Development Authority Board of Directors hereby approves the condition to the Site Review Application that the Forcemain Terminus into Manhole detail shall be revised to reflect actual field conditions as recommended by the Technical Review Committee on August 9, 2018.** Discussion: In response to Director Allard's request for an explanation of what the technical condition involves, Ms. Stowell explained the force main system and location of the manhole; that it is for contractors to take a look at how the connection will be made. Disposition: Resolved by unanimous vote for; motion carried.

Regarding the sanitary sewer connection, Director Bohenko moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby approves the condition to the Site Review Application that no phasing of the sanitary sewer connection will be allowed. The applicant shall connect to the gravity sewer in Arboretum Drive prior to receiving a Certificate of Occupancy as recommended by the Technical Review Committee on August 9, 2018.** Discussion: In response to Director Loughlin's discussion of the planning concept of "scattered and premature development" which states that, if at the time of development the utilities are not present, the developer can pay to have them brought in or wait for another entity to bring them in. If Seacoast is going forward now, it should connect now. Director Bohenko suggests a proration of what Seacoast share would be for the sewer line and perhaps request a surety from Seacoast. Ms. Hinchee stated the understanding was that Seacoast complete the construction before getting the Certificate of Occupancy ("CO"). In the past, PDA has included provisions in its leases which provide for the opportunity in the future to recover from a subsequent tenant who develop in that area and rely on the existing facility installed by the original tenant. In terms of Seacoast, it would not be putting up a surety except as part of the Site Review Agreement and because it is going to build it and be reimbursed from a subsequent tenant. Director Bohenko stated that the motion should be amended

to allow Seacoast to recover its share from future tenants. In response to Director Allard's question of how the proration for Seacoast would be calculated for this facility, Ms. Hinchee stated that Engineering and the Executive Director would determine the proration based on the size of the future facility. The Board discussed how proration may work. Ms. Hinchee further explains how the reimbursement would work through a lease of a future tenant when looking at a precise area of development.

The motion was amended by Director Bohenko and the amendment was seconded by Director Lamson that **The Pease Development Authority Board of Directors hereby approves the condition to the Site Review Application that no phasing of the sanitary sewer connection will be allowed. The applicant shall connect to the gravity sewer in Arboretum Drive prior to receiving a Certificate of Occupancy as recommended by the Technical Review Committee on August 9, 2018 with the provision of recovery on a prorated basis in a lease of a future tenant.** Disposition: Resolved by unanimous vote for; motion carried.

Regarding the utility wiring, Director Bohenko moved that the condition be amended to include proration of costs similar to that outlined in the condition regarding the sewer. Discussion: Ms. Hinchee suggested that Chairman Smith poll the Board regarding having the utilities underground before making a motion regarding payment. In response to Director Bohenko's question of a suggested amendment that applicant will, in the future, be prorated for underground utilities, Ms. Hinchee asked to clarify the question of if this is after a determination is made to underground utilities in the future. Chairman Smith asked for a consensus from each of the Board members who all stated they want the utilities placed underground. Ms. Stowell asked for a clarification that the Board wants the utilities placed underground from the beginning and Ms. Hinchee stated that the motion would be that electrical and communication wiring may be constructed above ground provided, however, in the event the PDA Board of Directors determines to require undergrounding, before approving the next project, the applicant will be responsible for his pro rata share of the undergrounding and that it be secured.

In response to Director Allard's question about the price for undergrounding the utilities, Director Bohenko stated that the cost was quoted as \$250,000-\$300,000 and \$60,000 for above ground. In response to Director Allard's question of why PDA can't pay for the utilities to be run underground and charge Seacoast a percentage of the cost, Mr. Mullen stated that PDA generally doesn't do that and Ms. Hinchee stated that PDA has never done that. Mr. Mullen discussed AT&T running underground utilities on Corporate Drive at their expense. In response to Director Allard's comment that it would be unfair to have Seacoast pay \$60,000 for underground utilities and then require him to pay for undergrounding, Ms. Hinchee offered that, if that is the consensus of the Board, a credit could be provided for Seacoast's allocation for the amount previously spent, provided, however, that PDA would not be obligated to give Seacoast back any money. If, in the future, the prorated allocation is less than \$60,000 and it spends \$60,000, PDA does give anything back but Seacoast will not pay anything toward the next portion of it because it already contributed to it. Discussion followed regarding the options available to Seacoast for the utilities, reimbursements of a pro rata share and the mechanism by which it would occur.

Director Bohenko moved and Director Torr seconded that **The Pease Development Authority Board of Directors provides a stipulation within the applicant's conditions that, in the future, in the event that underground utilities are mandated, that they pay their prorated share and, further, that their prorated share would be credited with the amount of money paid to Eversource for overhead lines.** Chairman Smith clarified that the Board is allowing Seacoast to construct the lines overhead to begin with. Ms. Stowell addressed the calculation of how the utilities will be installed; the lines will be run overhead now and later run underground. Ms. Stowell further stated that a cost must be added to run overhead to the cost of underground installation to properly calculate the pro rata share of the full sum and Ms. Hinchee stated that no, PDA will pay the difference in this instance.

Director Allard stated that he is going to vote against it because it is a waste of money for Seacoast to pay twice for utilities; that PDA should pay \$240,000 to run underground now, Seacoast pays \$60,000 and recoup the money from a future tenant. Director Allard amends the motion as such; Director Bohenko accepts the amendment to the motion. Ms. Hinchee asked Ms. Stowell whether the cost estimate from Eversource is the total cost estimate to run the utilities underground, Ms. Stowell responded that the only fixed cost we have from Eversource to pull the wires through the conduit; that design, trench digging, conduit to manholes are based on an estimate. The estimate does not include environmental remediation if needed. The cost only gets it the last run; the 600' segment from Arboretum would remain above ground. In response to Director Allard's statement that the Board has already decided to have the utilities run underground, Mr. Mullen asked from what point. In response to Chairman Smith's question to Mr. Mullen or Irv Canner, PDA Director of Finance, whether PDA is prepared to absorb the cost, Mr. Canner stated it would be incorporated into the cash flow and would look at all resources to go toward the debt.

The motion was amended and Director Torr withdraws his second to the motion as amended. Director Loughlin seconded the motion as amended. Disposition: Resolved by roll call vote 4-3 for, Chairman Smith, Directors Torr and Levesque opposed; motion carried.

Discussion ensued regarding the status of the motions and amendments. Director Bohenko recited the motion now before the Board: **that the applicant will pay its equal share of overhead electricity to its facility and PDA will underground the utilities and recover future costs from future development.** Ms. Hinchee stated that this is the amendment to the motion and that the motion is to approve the Site Review application as recommended with the following conditions of the amended motion on the terminal and undergrounding of electric.

The Board recessed for consultation with counsel at 10:40 a.m. and returned at 11:18 a.m.

Director Torr moved and Director Lamson seconded to withdraw the previous motion on the technical condition #3. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

Chairman Smith read the motion for approval of the Site Review Application. Director Bohenko moved and Director Allard seconded **that having duly scheduled, noticed and held a public hearing on Seacoast Helicopter, LLC's application for Site Review, the PDA Board of Directors resolves as follows:**

To approve Seacoast Helicopter, LLC's site review application as recommended by the Technical Review Committee on August 9, 2018, and such other conditions as determined by the PDA Board:

- 1. The "Forcemain Terminus Into Manhole" detail shall be revised to reflect actual field conditions; and**
- 2. No phasing of the sanitary sewer connection will be allowed. The applicant shall connect to the gravity sewer in Arboretum Drive prior to receiving a Certificate of Occupancy provided, however, that the PDA and tenant will negotiate a proration to the tenant based on future development of the North Apron.**

Discussion: None. Disposition: Resolved by roll call vote 6-1 for; Director Lamson opposed; motion carried. Director Lamson stated at the TRC meetings she requested a berm and was told it was not feasible; that since 2013 Seacoast has been an annoyance to the whole seacoast area.

Chairman Smith read the motion for the approval of the Subdivision Application. Director Allard moved and Director Bohenko seconded **that having duly scheduled, noticed and held a public hearing**

on Seacoast Helicopter, LLC's Subdivision Application, the PDA Board of Directors resolves as follows:

To approve Seacoast Helicopter, LLC's Subdivision Application as recommended by the Technical Review Committee on August 9, 2018.

Discussion: Vice-Chairman Loughlin commented on the balance of rights. Disposition: Resolved by roll call vote 6-1 for; Director Lamson opposed; motion carried.

Ms. Stowell discussed the Current Use Application; the work the engineer described that would need to be done in the wetland buffer. The Committee recognized that there was going to be a lesser amount of pavement in the buffer. Vice-Chairman Loughlin commented on the reduction of wetland impact in the buffer.

Chairman Smith read the motion on the approval of the Current Use Application. Director Torr moved and Director Allard seconded **that having duly scheduled, noticed and held a public hearing on Seacoast Helicopter, LLC's application for a Conditional Use Permit, the PDA Board of Directors resolves as follows:**

To approve Seacoast Helicopter, LLC's application for a Conditional Use Permit as recommended by the Capital Improvement and Land Planning Committee on June 21, 2018.

Discussion: None. Disposition: Resolved by roll call vote 6-1 for; Director Lamson opposed; motion carried.

IV. Public Comments

Councilor Perkins urged the Board to consider creating the housing task force for the exploration of residential development at Pease and that the Portsmouth City Council passed a unanimous resolution in favor of the PDA forming this task force. If the Board wished, it could postpone the discussion regarding the task force until October. Councilor Perkins stated that there were a couple of people attending that are interested in the task force as well. The City of Portsmouth is open to being collaborative and would welcome the opportunity to assist the Board.

Tom Ferrini, a Portsmouth resident and attorney, spoke in support of Councilor Perkins and would like an opportunity to be involved if a task force is created. His focus would be different; that it should be a thorough and in-depth review from a legal, engineering and environmental perspective. He urges PDA to consider economic development beyond housing to be competitive.

Mike Fisher, Vice President of Student Affairs at Great Bay Community College and on the Executive Board of The Chamber Collaborative of Greater Portsmouth, stated he was in favor of exploring the task force primarily for work force development. New Hampshire is now the second oldest state in the US in terms of the age of residents.

Anthony McManus, former PDA Director, stated he raised the issue of introducing housing years ago. Mr. McManus believes it was a good idea then and it is a better idea now. Mr. McManus discussed his reasons for the proposal at the time were: a growing need for housing in the Seacoast area and that the need is more acute today; it was a great opportunity for Pease for recruiting new tenants and bringing new employees and executive to Pease. Mr. McManus stated that the reluctance to consider housing is short sighted to Pease's long term role in the community and there is space available if PDA gives it serious consideration.

Eric Spear, former Portsmouth City Councilor, Ed Reynolds, Portsmouth City Councilor and Doug Robert, Portsmouth City Councilor, all spoke in support of the task force to consider housing at Pease.

Chairman Smith resumed the Board of Directors discussion of the Public Hearing on Seacoast Helicopter, LLC applications.

V. Old Business

A. Discussion Regarding Creation of Task Force to Establish Work Force Housing at Pease International Tradeport

A discussion was held regarding the creation of a task force to consider work force housing on the Tradeport as requested by Councilor Perkins at PDA's August Board meeting. Director Bohenko moved and Vice-Chairman Loughlin seconded that the Board empower the Chair to formulate a study committee and bring it back for approval at the next Board meeting. Discussion: Director Bohenko stated that the issue should be studied and to get a final report. Director Bohenko further stated that, the City could work with the PDA staff on the logistics; that the study committee should not be comprised of more than five people and bring in the most appropriate and necessary people to help staff evaluate housing on Pease.

Vice-Chairman Loughlin stated that he has been opposed to housing at Pease from the beginning. When news of Pease closing first broke, representatives from Portsmouth went to Limestone and Dow in Maine and the message they strongly gave was to not have housing as part of the development component. Vice-Chairman Loughlin further stated that he believes that if existing housing was allowed to remain at Pease or if a new housing component was allowed as part of the redevelopment of Pease, Pease as an economic engine and job creator would not be as robust as it has been. Vice-Chairman Loughlin indicated that maybe it is time to take a look at housing at Pease, not just work force housing. The legislation enacted in 1990 and the rules and policies developed by the PDA since that time have served the seacoast and the state of New Hampshire well. Before any changes are made, the impact of those changes should be closely scrutinized. Vice-Chairman Loughlin stated that he believes the preeminent goal is to create jobs for local residents and graduates of high schools, colleges and universities. PDA must weigh the impact of a housing component to the businesses choosing to come here.

Director Lamson recalled that, as a selectman during the closing of Pease, and as part of the Pease Redevelopment Commission, it was determined that housing was not conducive to Pease. Director Lamson commended the staff of PDA and the Board of Directors for how Pease has developed. Director Lamson stated it is the responsibility of the area communities to have work force housing.

Director Bohenko stated that people are moving back into the cities and that there should be a study committee to determine if housing should be at Pease, look at all types of housing such as dorms at Great Bay Community College.

Director Torr expressed his agreement with Vice-Chairman Loughlin and Director Lamson that there should not be housing at Pease. Staff costs and time, noise, environmental concerns and FAA regulations are factors to be considered. Director Torr stated he was totally opposed to housing at Pease. The goal of the legislature was economic development.

Director Levesque stated that looking at housing does take staff time and the City of Portsmouth is willing to pick up some of the staff time for that and it will not hurt to look at the issue. The City of Portsmouth is our partner on so many things and suggests we look at it and would not be to the advantage of PDA to not look at housing.

Director Allard stated that if housing were on Pease, businesses may complain. It is a great facility for businesses and he would vote against the task force as staff is overworked and believes that the business developers would make less money from housing than they can from business development.

Chairman Smith stated that when Councilor Perkins first approached him as the new PDA Board Chairman, he did not have the history at PDA but thought it was an interesting idea worth exploring with the stipulation that it be driven by the City of Portsmouth. Chairman Smith acknowledged the institutional knowledge of the PDA staff and Board members. If the task force was approved, he would be respectful of staff time.

Disposition: Resolved by roll call vote at 4-3 for; Directors Torr, Allard and Lamson opposed; motion carried.

VI. Finance

A. Financial Reports

1. Operating Results for 12 Month Period Ending June 30, 2018 (Preliminary)

Mr. Canner reported that the audit was planned for nine days and the auditors were here for three. There were no issues with the audit. The one piece of information the auditors did not have before they left was the GASBY 75 information on post-employment costs required to put into PDA financial statements this year.

Operating revenues were above budget by approximately 5% and operating costs above budget by 8%. The driver for the increase in operating costs was the retiree health care program and the five-year retroactive adjustment for costs that had not been billed to PDA which was approximately \$450,000. This is reflected in the PDA benefit costs. Operating income for the end of the fiscal year is \$2.5 million.

Revenue is over budget by approximately 5%. The primary drivers were fee revenues from fees at the Golf Course at Pease ("Golf Course") and wharfage and dockage fees.

There are two positions currently open in Maintenance Department.

Mr. Canner reviewed the Balance Sheet, discussing PDA net position. In 2017, there was a deficit of \$352,000 under unrestricted funds which are broken up between PDA and Division of Ports and Harbors ("DPH"). As of June of 2018 that number is \$2.4 million. The breakdown is PDA has \$2.2 million and DPH has approximately \$300,000.

Mr. Canner discussed the Revolving Line of Credit ("RLOC") and reported that we have not had to use any funds from it this fiscal year.

The total construction capital expenditures for the year came in at approximately \$7.3 million. Of that figure, the major activity was the terminal expansion planning process, the taxiway area at the NH Air National Guard as well as some final payments at DAW for pavement and purchase of a new piece of snow removal equipment at \$500,000.

Mr. Canner discussed the individual business units. The number of enplanements at Portsmouth International Airport at Pease ("PSM") was about 71,000 as of last year at this time which is slightly below where we were in the previous year.

Revenues for Skyhaven Airport ("DAW") came in pretty much on budget. Overall, the budget deficit for operating income was \$74,000 below budget. Since taking on DAW, operations has generated

just over \$900,000 in operating losses. Capital expenditures, debt repayments and so forth puts the deficit total at \$2.1 million at this point.

The Golf Course had a good season with operating revenues approximately 13% above budget. Overall, the operating income increased by about \$132,000 or 32% more than budget for each of the business units. The rounds of golf played are up from last year by about 2% and Grill 28 sales are up by about 6%.

2. Nine Month Cash Flow Projections to May 31, 2019

Mr. Canner reviewed PDA cash flow projections for the nine month period ending May 31, 2019 including sources of funds for grant funded and non-grant funded projects. PDA expects to spend approximately \$7 million on capital expenditures for the terminal expansion, most of which will be non-grant funds at this point. PDA is continuing to look at financing to support the expansion. During the nine-month period, cash balances will go from approximately \$6 million currently to about \$1 million.

A proposal will be brought back to the Finance Committee for the total cost of the terminal expansion and other capital projects. PDA will be looking at more than \$5 million for the revolving line of credit ("RLOC"). If PDA borrowed money today, the interest rate would be 4.8% which is increasing by about 20% since the end of last year. In response to Director Allard's question of what the Boston interest rate is, Mr. Canner stated that PDA pays 2½ percent above the "one-month classic" interest rate. When you see the 4.82%, subtract the 250 basis points so the baseline cost of the 4.82 is 2.3%.

In response to Director Lamson's question regarding funds for vegetation and tree planting, Ms. Stowell, PDA Engineering Manager, stated that the plan is up for discussion at this point but the money is still there.

B. Approvals

1. Berry Dunn McNeil & Parker, LLC – Independent Information Technology Assessment

Vice-Chairman Loughlin moved and Director Torr seconded that **The Pease Development Authority Board of Directors approves of and authorizes the Executive Director to enter into a contract with Berry Dunn McNeil & Parker, LLC, ("Berry Dunn") in a total amount not to exceed \$31,000 for the preparation of an independent information technology assessment; all in accordance with the memorandum of Irving E. Canner, Director of Finance, dated September 12, 2018, attached hereto.**

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

- 1. Berry Dunn has served as PDA's independent external auditors for the past four years;**
- 2. Barry Dunn previously completed a technology assessment in 2009;**
- 3. Berry Dunn has an intimate knowledge of PDA's information technology environment as well as its business systems and associated internal controls; and**
- 4. The associated cost and timeliness of an RFP process would be detrimental as the need to secure such assessment is critical.**

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

VII. Licenses/ROE/Easements/Rights of Way/Options

In accordance with the “Delegation to Executive Director: Consent, Approval and Execution of License Agreements,” Mr. Mullen reported the following:

A. Reports

1. KOALD Design – Extension to ROE

Mr. Mullen reported that KOALD Design was granted an extension for 30 days of the Right of Entry (“ROE”) dated July 31, 2018, to October 31, 2018 for inspection purposes at 47 Durham Street.

2. City of Rochester – Seacoast Manufacturing Exchange Event ROE

Mr. Mullen reported that the City of Rochester was granted a ROE for September 12, 2018 for the purpose of setting up and conducting a quarterly forum of the Seacoast Manufacturing Exchange to be held at Skyhaven Airport (“DAW”).

VIII. Leases

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

A. Reports

1. 75 New Hampshire, LLC – Twin Rivers Paper Co., LLC

Mr. Mullen reported that 75 New Hampshire, LLC entered into a sublease with Twin Rivers Paper Co., LLC (“Twin Rivers”) for 6,238 square feet within the leased premises at 85 New Hampshire Avenue, for a period of five years, with one (1) five year option to extend. Twin Rivers will use the premises for office and related uses. Director Lamson approved the sublease.

B. Approvals

1. KOALD Design – 47 Durham Street

Director Allard moved and Director Bohenko seconded that **The PDA Board of Directors hereby approves and authorizes the Executive Director to complete negotiations with KOALD Design and to execute a Lease for the premises located at 47 Durham Street subject, however, to KOALD applying for and being granted a Special Exception under PDA’s Land Use Controls; all otherwise on terms and conditions substantially similar to those set forth in the memorandum from David R. Mullen, Executive Director, dated September 13, 2018 and draft Letter of Intent dated September 11, 2018; attached hereto. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.**

2. Summit Land Development – 254 Corporate Drive

Director Levesque moved and Director Torr seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to enter into an Option Agreement with Summit Land Development, LLC for the premises located at 254 Corporate Drive, effective September 20, 2018 for a period of six months at a fee of \$5,572.50; all on substantially the same terms and conditions**

set forth in the memorandum from David R. Mullen, Executive Director, dated September 13, 2018, attached hereto. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

3. 119 International Drive, LLC – 19 Rye Wetland Buffer

Director Lamson moved and Vice-Chairman Loughlin seconded that **The Pease Development Authority Board of Directors authorizes 119 International Drive, LLC to submit plans to the City of Portsmouth for an after-the-fact wetlands buffer permit application; all in accordance with the memorandum of Maria J. Stowell, P.E., Engineering Manager, dated September 12, 2018, attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

IX. Contracts/Agreements

A. Approvals

1. Uniform Bid Contract

Director Torr moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a five (5) year contract with Cintas Uniform Services for the purpose of providing uniform services; all in accordance with the memorandum from Paul E. Brean, Airport Director, dated September 13, 2018, attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

X. Executive Director's Reports/Approvals

A. Reports

1. Golf Course Operations

Scott DeVito, General Manager, reported on the activities at the Golf Course, including for this calendar year, the rounds of golf played are approximately 44,000 rounds and the average rounds played per year are trending at 52,000 rounds per calendar year. The Pay Now, Play Now program started September 10th and have 18 new adult memberships and six junior memberships signed up. Renewal applications will go out next week. They have until the first of the year to get their responses sent in.

In response to Director Bohenko's question on the number of events scheduled so far this year, Mr. DeVito responded that there are two categories of events: 50 and above and group outings. There have been 47 events scheduled for the year. In response to Mr. Mullen's question regarding the impact of Florence on the lower nine and how long the golf course was out of service, Mr. DeVito reported that Monday into Tuesday was all rain, the upper nine and the Blue were opened at 3:00 p.m. on Tuesday afternoon and there was down time for yesterday due to the overcast weather so it stayed closed. The golf course was opened first thing this morning. In response to Director Levesque's question whether the Golf Course receives noise complaints for lawn cutting and the start time for lawn cutting, Mr. DeVito stated that no complaints are directly received. Lawn cutting starts before sunrise, generally in-season, the cutting starts around 4:30 a.m.

2. Airport Operations

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

a. PSM

Fuel flowage for August was 723,512 gallons of fuel which equates to \$14,500 in revenue.

Scheduled enplanements for August was 7,466 which was the highest for any August. The total for the year to date is 65,500 which is on pace with last year's figures. Note that two flights from Allegiant were discontinued: Fort Lauderdale and Tampa-St. Petersburg. Frontier Airlines ("Frontier") announcing flights will be going out of PSM beginning in December of 2018 and going to Orlando MCO operating three days a week: Tuesdays, Thursdays and Sundays. Frontier uses third-party booking sites such as Orbitz, Expedia, Priceline, Hotels.com, etc. to book flights which broadens the passenger capturing for marketing purposes.

In response to Director Lamson's question regarding the engines on the planes used by Frontier, Mr. Brean stated that Frontier uses Airbus A-319 and A-320 planes which are the quietest in their fleet. Frontier has 200 new planes on order. Frontier will be moving to the "Neo Geo" which is one of the most sustainable environmentally friendly aircraft out there.

In response to Director Allard's question regarding whether the increased advertising by Allegiant was due to the addition of Frontier, Mr. Brean stated that Frontier started operating out of Portland about 18 months ago and was happy with how their product was received in the northeast, and liked the operating fees at PSM.

Mr. Brean stated that he received word from the Governor & Council meeting that the first FAA fund for the terminal expansion has been approved.

b. Skyhaven Airport

Mr. Brean reported that a ROE was granted for the Rochester Economic Development Commission and the Seacoast Manufacturing Exchange. PlaneSense brought a base aircraft to DAW and invited many companies in the area to come see what the corporate possibilities that DAW offers. It was very well received and PSM appreciates the initiative of PlaneSense for this activity.

c. Noise Line Report

There was a seven-day glitch where the noise line was inoperable, however, the web site was up and active. There were a total of 34 noise inquiries at PSM during the month of August. There were 29 inquiries regarding rotor wing activities, and seven of those were helicopters; 22 of the calls were from a Miller Avenue resident, seven from Ruth Street in Portsmouth and one Rye resident inquired about a helicopter that was believed to be from the military.

There were five inquiries regarding fixed wing activities from residences in five cities: Nottingham, Boscawen, Rye, New Hampshire and Eliot, Maine. Most of these pertained to a Gulfstream 2 aircraft that worked in area and was very loud.

B. Approvals

1. Bills for Legal Services

Director Bohenko moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to expend funds up to \$58,733.58.00 for the following legal services rendered for the Pease Development Authority:**

1. Kutak Rock LLP		
CLF/Through July 31, 2018		\$615.00
General/Through July 31, 2018		<u>\$2,296.00*</u>
		\$2,911.00

2. Sheehan Phinney Bass + Green		
CLF/Through July 31, 2018	\$27,144.00	
Tradeport-General Representation/ Through July 31, 2018	\$6,902.00	
CLF/Through August 31, 2018	\$9,715.00	
Tradeport-General Representation/ Through August 31, 2018	<u>\$12,061.58</u>	
		<u>\$55,822.58</u>
Total		<u>\$58,733.58</u>

*The balance will be paid by the City of Portsmouth. Discussion: Ms. Hinchee pointed out to the Board that the summary for legal bills now includes a category for PFAS and PFOA issues. Disposition: Resolved by unanimous vote for; motion carried.

XI. Division of Ports and Harbors

Geno J. Marconi, Division Director, reported on Division activities, and the approvals sought before the Board represent the current business at the Division of Ports and Harbors (“DPH”).

A. Reports

Mr. Marconi reported that, due to an oversight, the Port Committee currently scheduled for October 4, 2018 will be rescheduled due to a conflict. Mr. Marconi will contact the Committee members to arrange a new day and time. Mr. Marconi stated his intent to update the Committee on the process of the functional replacement project. Mr. Marconi will contact the Committee members and PDA staff involved to reschedule.

1. Port Advisory Council

Mr. Marconi reported that the Port Advisory Council (“PAC”) adjourns in June for the months of July and August. The PAC met on September 12, 2018 and that the approved minutes for the June meeting and are included for the Board’s information.

2. Commercial Mooring Transfer

Mr. Marconi reported that in accordance with the “Delegation to Executive Director: Consent, Approval and Execution of Mooring Permit Transfers,” a commercial mooring was transferred for:

	<u>Permit</u>	<u>Business</u>	<u>Date of Approval</u>
Sagamore Creek	No. 253	Commercial Charter	08/15/18
Transferor:	Michael Flanigan		
Transferee:	Joseph Golter		

2. Isle of Shoals Steamship Company – Parking Agreement

Mr. Marconi reported that the Isles of Shoals Steamship Company, Inc. entered into the seasonal contract with the City of Portsmouth (“COP”) for certain parking spaces to be used COP employees at 315 Market Street from November 1, 2018 through April 30, 2019. The Agreement was signed by City Manager

John Bohenko, PDA Executive Director David Mullen and Jeremy Bell, President of Isles of Shoals Steamship Company, Inc.

XII. New Business

There was no new business.

XIII. Upcoming Meetings

Chairman Smith reported that the following meetings will be held:

Port Committee	October 4, 2018 (55 Market St.)
Audit Committee	October 11, 2018
Board of Directors	October 18, 2018

All meetings begin at 8:00 a.m. unless otherwise posted.

Ms. Hinchee reported that the Zoning Adjustment and Appeals Committee is scheduled to meet on October 11, 2018 at 8:30 a.m. Chairman Smith, Vice-Chairman Loughlin and Director Torr are the Board members on that Committee. It will be a very short meeting and PDA will need to have two members present. The meeting pertains to a special exception for a building that is being torn down.

XIV. Directors' Comments

Director Torr welcomed Bill Bartlett to the meeting.

XV. Non-Public Session

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

- 1. NHRSA 91-A:3, Paragraph II(a) the dismissal, promotion, or compensation of any public employee or the disciplining of such employee, or the investigation of any charges against him, unless the employee affected (1) has a right to a meeting and (2) requests that the meeting be open, in which case the request shall be granted;**
- 2. NHRSA 91-A:3, Paragraph II(b) for the purpose of discussing the hiring of a public employee;**
- 3. NHRSA 91-A:3, Paragraph II(c) for the purpose of discussing matters which, if discussed in public, would likely affect adversely the reputation of any person, other than a member of the body or agency itself, unless such person requests an open meeting;**
- 4. NHRSA 91-A:3, Paragraph II(d) for the consideration of the acquisition, sale or lease of property;**
- 5. 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 vote; motion carried. The Board entered into non-public session at 12:23 p.m. The Board returned to public session at 1:34 p.m.

XVI. Vote of Confidentiality

Director Allard moved and Director Torr? 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 20, 2018 meeting related to:**

1. **Dismissal, promotion or compensation of public employee;**
2. **Hiring of public employee;**
3. **Adversely affect the reputation of any person;**
4. **Acquisition, sale or lease of property; and**
5. **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.** Discussion: None. Disposition: Resolved by unanimous roll call vote for; motion carried.

XVII. Adjournment

In accordance with the PDA By-Laws Article III, Section 3.2, and there being no members of the public present, Chairman Smith adjourned the meeting at 1:35 p.m.

XVIII. Press Questions

There were no questions from the press.

Respectfully submitted,



David R. Mullen
Executive Director

(10/9/2018 2:14 PM)

PART 319. REHEARING AND APPEAL

319.01. Within twenty (20) days after any order or decision of the Board, any party to the action or proceedings, or any person directly affected thereby, may apply for a rehearing, specifying in the request for rehearing the grounds therefor.

319.02. A request for rehearing shall set forth fully every ground upon which it is claimed that the decision or order complained of is unlawful or unreasonable.

319.03. The Board shall within 10 days either grant or deny the application, or suspend the order or decision complained of pending further consideration, upon such terms and conditions as the Board may prescribe. The Board may grant such rehearing if in its opinion good reason therefor is stated in the request.

319.04. If a request for rehearing is granted by the Board, the rehearing shall be held within 30 days.

319.05. For property not located within the Airport Zone or portions of the Airport Industrial Zone acquired by the Pease Development Authority pursuant to Section 13(g) of the Surplus Property Act of 1944, any person aggrieved by an order or decision of the Board may appeal to the superior court in accordance with the provisions of RSA Chapter 677.



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SENIOR COUNSEL
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RETIRED
CHARLES F. TUCKER
NICHOLAS R. AESCHLIMAN

October 9, 2018

Kevin Smith, Chairman
Board of Directors
Pease Development Authority
55 International Drive
Portsmouth, NH 03801

**Re: Request for Rehearing regarding Application for Site Review
Seacoast Helicopters, LLC for property located at Map 320, Lot 0)**

Dear Mr. Chairperson and Members of Board of Directors,

This Request for Rehearing is filed by the Town of Newington, by and through its Board of Selectmen ("the Town"), and concerns the Pease Development Authority ("PDA") Board of Directors' ("Board") vote on September 20, 2018 to grant site plan approval to Seacoast Helicopter, LLC ("SH") for the construction of an 8,000 square foot helicopter maintenance & storage hanger and office on Tax Map 320, Lot 0 ("the Property") and to use the Property for helicopter related activities, i.e. pilot instruction, tours, and charter flights.

The Town respectfully requests that the Board grant rehearing because the Board's September 20, 2018 did not give due attention or consideration to the noise impacts that will result from SH's operations on the Property. The Town respectfully requests that the Board grant rehearing and, upon that rehearing, require the applicant to submit a study from a qualified acoustic engineer that analyzes the potential noise impacts to nearby residents and businesses that may arise from SH's proposed operations on the Property. In the alternative, should the Board decline to grant rehearing in the manner sought by the Town (or should the Board grant re-hearing but still grant site review approval), the Town requests that the Board impose a condition of approval on SH that (a) precludes SH from hovering helicopters within .25 miles of the residential properties located near Welsh Cove, Newington, New Hampshire, (b) imposes a limitation on the number of operations that take place on the Property per day, and (c) requires the construction of a noise wall to mitigate noise generated by SH's operations.

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This Request is separated into two sections. The first section provides a factual and procedural background for this matter. The second section discusses why the Board should grant rehearing on this matter.

I. Factual and Procedural Background

SH currently operates at 44 Durham Street in Portsmouth, New Hampshire. SH's operations include charter services, tours, and a flight school. The flight school operated at SH includes hovering training, sling basket training, and slope landing training. These operations have resulted in frequent noise complaints to SH and the Pease Development Authority. The flight path currently utilized by SH frequently causes helicopters to fly at low altitudes over the residents on Welsh Cove in the Town of Newington.

On February 14, 2018, SH filed an application for site review to move SH's operations to the Property. The Property sits within the Airport District and is located within one mile of the residents located on Welsh Cove Drive in the Town of Newington; therefore, SH's proposal would bring SH's operations closer to Town residents. SH's operation of a flight school will involve frequent take-offs and landings, all of which generate a substantial amount of noise. SH represented that it anticipates approximately 30,000 flights per year.

In 1995, PDA submitted a Noise Exposure Map to the Federal Aviation Administration in accordance with 14 C.F.R. § 150.01 eq. seq. This Noise Exposure Map was updated in 2014. The Noise Exposure Map prepared in 2014 states that the estimated 2014 the total arrivals, departures, and touch and go cycles for all identified types of aircraft will be 102,682 and the 2019 estimates for those same activities will be 104,326. The estimated operations from SH alone, therefore, is 30% of the total anticipated operations at the Airport in 2019.

On September 20, 2018, the Board conducted a hearing on SH's application. At that hearing, representatives for the Town and residents of the Welsh Cove neighborhood testified at to their concerns regarding SH's proposed operation, particularly with regard to noise. The Board granted site review approval by a vote of six to one. While the approval contains numerous conditions, none pertain to noise mitigation or limit SH's operations.

II. Discussion

The Town respectfully requests that the Board grant rehearing on this matter because the Board's decision was unlawful and unreasonable. The Board's decision was unlawful and unreasonable because the Board should have required SH to submit evidence regarding noise

generation from SH's proposed use, but failed to do so, notwithstanding complaints from the Town and residents of Welsh Cove. The Board's decision, made without evidence of noise generation from SH's proposed use, did not adequately consider the full potential adverse impacts from SH's proposed use. The Board's decision was also unlawful and unreasonable because the Board did not impose any limitations on the operations of SH's use on the Property, despite receiving comment and testimony that the Board would have no ability to limit such operations in the future even if SH's operations increased.

This Request is made pursuant to Section 407.06 of the Pease Development Authority Site Plan Regulations, which provides "[w]ithin 20 days after any decision of the Board regarding the approval or conditional approval or denial of a site plan application, the applicant/developer or any abutter directly affected thereby may apply for a rehearing in respect to the matter decided." A request for rehearing of a decision regarding site review shall be processed in accordance with Part 319 of the PDA's Zoning Ordinance. See Section 407.06 of the PDA Site Plan Regulations. Under Section 319.02 of the PDA Zoning Ordinance, a request for rehearing must set forth "fully every ground upon which it is claimed that the decision or order complained of is unlawful or unreasonable."

The Board's decision to grant site review approval to SH without a noise generation estimate from SH was unlawful and unreasonable because the Board received substantial evidence that noise generated from SH's proposed operations will be detrimental to nearby residents. Newington Selectman Ken Latchaw stated that SH's proposed operations will bring SH's operations closer to Newington residents and will adversely affect their quality of life. Dr. Robert Chaikin expressed similar concerns, providing clear evidence that the materials presently at the Board's disposal (notably PDA's 2014 Noise Exposure Map) did not account for the level of helicopter operations proposed by SH. Dr. Chaikin further stated that aircraft noise can be detrimental to the health and well-being of individuals, disrupting conversation, sleep, relaxation, and classroom activities. The Board simply did not have any information which specifically analyzed the potential noise-related impacts from SH's proposed operations on Newington residents. The Board should grant rehearing and require SH to submit an acoustic analysis of the potential noise-related impacts from SH's proposed operations and only then should the Board consider whether to grant SH site review approval.

The Board's decision to grant SH site review approval was also unlawful and unreasonable because the Board failed to impose any condition limiting SH's operation, which effectively gave SH carte blanche to increase SH's future operations without any oversight from the Board. SH has declined to limit SH's operations by time of day or in number and has represented that SH intends on purchasing additional helicopters and expanding operations. As

Airport Director Paul Brean intimated, once approved, the Board will be unable to impose any limitation on SH's operations. Even if SH's operations increased to 100 flights per day, Mr. Brean acknowledged that it would be the FAA that would have to regulate the matter, and even then, the FAA would establish a flight path for the protection of residents, not limit SH's operations. Mr. Brean's statements were neatly summarized by the Board's counsel when she said, "if in fact there is that kind of increased activity, what [that increase] will not result in is grounding the aircraft, limiting the operations and saying you can't do it, that will not happen."

In the event that the Board grants site review approval, the Board has the power and authority now to take action to mitigate adverse impacts associated with SH's proposal. The Board should do so by granting rehearing and (a) imposing a condition of approval that limits SH's operations such that the Board has the power to review and re-assess noise impacts should SH wish to expand its operations at a later date, (b) imposing a condition of approval that precludes SH from hovering over Welsh Cove, and (c) imposing a condition of approval requiring SH to construct a noise wall to mitigate noise generated by SH's operations.

III. Conclusion

The Town respectfully requests that the Board grant rehearing and require SH to produce an acoustic study of the potential noise impacts from SH's relocated operations. If the Board declines to grant re-hearing to require SH to submit an acoustic study or if the Board grants rehearing and still grants site review approvals, the Board should (a) impose a condition of approval that limits SH's operations such that the Board has the power to review and re-assess noise impacts should SH wish to expand its operations at a later date, (b) impose a condition of approval that precludes SH from hovering over Welsh Cove, and (c) impose a condition of approval requiring SH to construct a noise wall to mitigate noise generated by SH's operations.

Very truly yours,

DONAHUE TUCKER & CIANDELLA PLLC



Eric A. Maher

E-mail: emaher@DTClawyers.com

cc: Board of Selectmen

WADLEIGH, STARR & PETERS, P.L.L.C.

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October 10, 2018

Mr. Kevin H. Smith, Chairman
Board of Directors
Pease International Development Authority
Pease International Tradeport
55 International Drive
Portsmouth, NH 03801

RE: Seacoast Helicopters, LLC, 107 North Apron Road, Newington, NH Site Review
Approval with Stipulations

Dear Chairman Smith:

Please consider this letter as Seacoast Helicopters, LLC's ("Seacoast") request for a re-hearing on its application for site review at 107 North Apron Road, Newington, NH. Seacoast believes that the Pease Development Authority ("PDA") Board's stipulation disallowing the phasing of the sanitary sewer connection is unlawful and unreasonable.¹ Seacoast further believes that the site application process, from beginning to end, was not administered in good faith by the PDA, its staff or the Board.

"[J]ust to avoid all the hassles, we'd probably prefer the helicopters weren't here."²

Seacoast first approached the PDA in June, 2016 with its proposal to build a new hangar/business facility on undeveloped land off Exeter Street. Seacoast was prepared to invest

¹ The PDA also approved Seacoast's applications for subdivision and conditional use permit.

² PDA Vice Chairman Peter J. Loughlin, Portsmouth Herald, September 21, 2018. Exhibit 1.

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October 10, 2018
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up to \$1.2 million to build this new facility. The PDA responded to Seacoast's proposal six months later with a Memorandum of Understanding ("MOU") for a lease agreement for 53 Exeter Street. The MOU was approved by PDA's Airport Committee and Board later that spring.

Seacoast submitted its plans for the new facilities to PDA staff. Seacoast's engineering firm, Jones & Beach, worked with PDA staff, responding to numerous requests for additional information and for plan modifications. Ultimately, the PDA staff refused to accept a storm water drainage design, declaring that the results of a 24-hour rain event analysis, determining that water would only pool 15 minutes at the system's collection points, was unacceptable because it would attract water fowl. The only other possible design was an underground system which was far too expensive to install and would have resulted in the need to raise the level of the tarmac three (3) feet. Such a result would not have been acceptable to the FAA. Seacoast was unable to utilize that site due to the staff's unreasonable design demands.

The PDA administration then proposed a different site, 107 North Apron Road, for Seacoast's new facility. The PDA represented that the new site was ready to go with necessary utilities available (water and septic) on a tarmac with drainage system installed. On November 1, 2017, the PDA presented an MOU for the new site. The MOU contained a "partial list of issues and costs identified" that Seacoast would need to address. While it states that Seacoast would be responsible for "installation of utilities, as required," the PDA had yet to disclose to Seacoast that the sewer main that would service the facility ended almost three quarters of a mile from the new site. Only after Seacoast had paid additional engineering costs was the issue of connecting to the distant sewer main raised, and, only then did Seacoast understand that the cost of extending and connecting to the sewer main would double the cost of the project.

In an attempt to save its plans for a new facility at Pease, Seacoast's engineers designed a two-phase sanitary sewer connection. A septic tank, used as a storage tank for sewage would be utilized until construction of the sewer main from the end of North Apron Road to Arboretum was completed. Seacoast's plans require it to extend a sewer pipe to the end of the cul-de-sac to enable a sewer hookup once the sewer main had been extended.

Seacoast's site plans were submitted to the PDA's Technical Review Committee ("TRC"). The site plans were reviewed by the TRC over the course of three public hearings, during which the two-phase septic system plan was discussed and reviewed. At the conclusion of its August 9, 2018 public hearing, the TRC approved Seacoast's site plan. Exhibit 2. The TRC's approval included Seacoast's two-phase sewer connection plan. There were no stipulations or recommendations that Seacoast extend (and finance) the sewer main to the 107 North Apron Road site before a certificate of occupancy would issue.

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As the site plan review process was in progress, the PDA's management team, including the PDA Executive Director, David Mullen, and the airport manager, Paul Brean, requested to meet with Mr. Bruce Cultrera, Seacoast's president, in late July, 2018. At that meeting, in Mr. Mullen's office, Mr. Cultrera was requested to scrap Seacoast's plans for the 107 North Apron Road site because the PDA was seeking to place a larger air cargo company at the site. Mr. Cultrera was shown a rough drawing of a very large facility set on the 107 North Apron Road site. Mr. Cultrera was told that it would be another 1 to 1½ years before another site for his facility could be arranged at Pease.

Mr. Cultrera was understandably upset as he had spent, as of that date, almost \$85,000 for engineering and legal services to get his site plan approved. Seacoast responded to Mr. Mullen's proposal to terminate the parties' MOU requesting that the PDA at least cover his costs to date if it intended to default on its agreement. Exhibit 3. At a subsequent meeting called to discuss the PDA's proposal to cancel the MOU, the PDA's administration made no offer of any type to reimburse Seacoast for its time, efforts and expenses.

Seacoast proceeded with the site plan approval process addressing the stipulations attached to the TRC's August 9th recommendation for approval. On September 12, 2018, just days before the PDA Board's public hearing, Ms. Stowell, the PDA's manager of engineering, issued a memorandum to the Board advising it that Seacoast's application was ready to move forward for a public hearing and attached a packet of information for the Board's review. Exhibit 4. Ms. Stowell also advised the Board in her memorandum that, despite the TRC's review and recommendation of approval for the two-phase septic/sewer connection, she felt the Board should take another look at that plan.³ Ms. Stowell stated that her "staff" recommended against allowing the two-phase plan. Exhibit 4. Ms. Stowell's memorandum cited no health or safety issues with the two-phase plan or any possible interference with further development.

Instead, she alleged that the plans were revised by Seacoast after TRC's August 9th public hearing. She stated that the revised plans for the two-phase approval "would install only the septic tank in phase 1 with no schedule for installing a connection to the municipal system." Exhibit 4. In fact, there was no revision to Seacoast two-phase sewer connection plan. The two-phase sewer connection plan was in the drawing package that was reviewed and approved at the TRC August 9th public meeting, which Ms. Stowell chaired. The connection to the sewer main would occur when "there is a larger demand that will trigger a greater infrastructure investment (construction of a system pump station)." Exhibit 4. Ms. Stowell's memorandum is, at best, misleading and is inconsistent with the TRC's recommendation for approval which she authored a month earlier.

³ Ms. Stowell also suggested that the Board reconsider whether utility lines should be underground despite the TRC's determination that there was "no technical reason" to require it. This recommendation would add even a greater financial burden on Seacoast.

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October 10, 2018

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But, Ms. Stowell's memorandum is consistent with the PDA administration's plans to cancel the MOU and lease the site for a much larger facility. Ms. Stowell certainly knew that the cost of extending the sewer main over a three quarters of a mile, including the installation of a pump station, would force Seacoast to look elsewhere if it wanted to build its new facility at a reasonable and affordable cost. No financial institution will finance a project where half the cost of a project consists of off-site improvements that add nothing to the value of the actual facility, the security for the loan.

The Board appears to have been unfazed by Ms. Stowell's inconsistent position on the two-phase sewer connection plan or her unsupported claim that Seacoast had converted its one-phase plan to a two-phase plan. Seacoast's engineer, Mr. Gier, told the Board that Seacoast had the same two-phase plan as it had originally proposed, and that the site's sewer plan calls for a connection to the municipal system once the sewer main is extended. A review of the minutes of the September 20th public hearing reveals a complete lack of factual support for the Board's decision to reject the two-phase sewer connection plan approved by the TRC. The Board, like Ms. Stowell, made no findings that the first phase of the sewer connection plan posed any threat to the public's health or safety or further development along North Apron Road. Nor did the Board provide any justification for imposing on Seacoast, an extremely small waste generator, the entire initial cost of extending the sewer main almost three quarters of a mile from its site.

The Board's discussion, following the closing of the public hearing, was recessed "for consultation with counsel" after it appeared that the Board was unsure of what stipulations it wanted to place on its approval of the site plan. Instead of hashing out the stipulations it wanted in the public session, it retreated behind closed doors to get its ducks in order. Forty minutes later the Board reconvened the meeting and began without further discussion, to vote on stipulations to its approval. If a public body needs to determine what motions are pending and their current status that is a discussion that should be held in public and is accomplished by reviewing the source used to compile the minutes. Even if consultation with counsel were needed and appropriate on this question, it should not take 40 minutes to obtain legal advice on "the status of motions and amendments." A dispassionate observer at the meeting could reasonably conclude that the Board both discussed and determined, during the recess, which stipulations would be attached to its approval.

The Board had sufficient information and experience to know that adding the requirement for an immediate sewer connection, thereby doubling the cost of the project, would make the project financially infeasible for Seacoast. The Board's decision ignored the TRC's recommendation for approval; was unsupported by any showing of a need to protect the public's health and safety or future PDA development; and, relied on misleading information provided by the PDA Engineering Manager. But, the decision did promote the PDA administration's plan to cancel the MOU with Seacoast so that 107 North Apron Road would be available to another lessee with plans for a larger facility.

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Mr. Kevin H. Smith, Chairman
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“In every agreement, there is an implied covenant that the parties’ will act in good faith and fairly with one another.” Livingston v. 18 Mile Point Drive, Ltd., 158 N.H. 619, 624 (2009) (citations omitted). “Among the types of bad faith recognized by courts, are evasion of the spirit of the bargain and failure to cooperate in the other’s performance.” Id. at 625 (citations omitted). The deceptive actions of the PDA administration taken in order to discourage and frustrate Seacoast moving forward at the 107 North Apron Road site clearly breached the spirit of the parties’ MOU.⁴ The PDA’s Engineering Manager’s decision to take a position contrary to that of the TRC which she chairs, without providing any reasons or support for her about-face, further breached the covenant of good faith owed by the PDA to Seacoast.

The Board’s desire that Seacoast not expand its operation at Pease, as expressed by the Board’s vice-chairman the day of the public hearing, is evidence of Board member(s)’s prejudice against the project. The reference to “hassles” clearly shows that Mr. Loughlin’s and the Board’s feelings about Seacoast existed prior to the public hearing. This evidence of prejudice was not available to Seacoast before the public hearing so it was unable to make an objection to this obvious conflict of interest.

A member of a land use board has a conflict of interest if “that member would be disqualified for any cause to act as a juror upon trial of the same manner in any action at law.” RSA 673:14, I. A juror will be disqualified to sit if the individual “[i]s prejudiced to any degree regarding the case.” RSA 500-A:12, I(f). Vice-chair Loughlin’s statements to the effect that Seacoast creates hassles for the Board and that it would prefer that the helicopters not be at Pease, clearly displayed a pre-existing prejudice against expansion by Seacoast. See Winslow v. Town of Holderness Planning Bd., 125 N.H. 262, 267 (1984) (statements of a planning board member made before joining the board which were in support of the project under consideration disqualified that member from hearing the matter). According to Mr. Loughlin, that prejudice and conflict of interest is shared by other board members. If a member of the board should have been disqualified, but was not, and voted, then the board’s decision is invalid. Id. at 268-69.

Seacoast Helicopters has wasted more than two years of planning and has incurred nearly \$100,000 in expenses in its thwarted attempt to expand its business at Pease. The apparent demise of its proposed facility is a result of the PDA administration’s bad faith actions, the Board’s imposition of an unreasonable stipulation; and, the PDA administration’s and Board’s desire that Seacoast relocate someplace other than Pease.

⁴ The PDA administration’s lack of good will toward Seacoast is reflected in its website. The Pease International “amenities” list includes the category “Charter Services.” Seacoast is not listed despite the PDA’s knowledge of Seacoast’s charter services.

WADLEIGH, STARR & PETERS, P.L.L.C.

Mr. Kevin H. Smith, Chairman
October 10, 2018
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CONCLUSION

For all the above reasons, the Board should grant a rehearing to Seacoast and, after the rehearing, approve the two-phase sewer connection plan previously recommended for approval by the TRC.

Respectfully submitted,

SEACOAST HELICOPTERS, LCC

By its counsel

WADLEIGH, STARR & PETERS, P.L.L.C.

By:


Stephen M. Bennett

SMB/kmd
Enclosures

cc: Bruce Cultrera, Seacoast Helicopters, LLC
David C. Wing, Esq.

FBOS/TENANTS

NH: PDA Approves Seacoast Helicopters' Expansion

JEFF MCMENEMY ON SEP 21, 2018

SOURCE: MCCLATCHY

Sept. 21--PORTSMOUTH -- Seacoast Helicopters received three key approvals from the Pease Development Authority so it can move to a new and bigger location at Portsmouth International Airport at Pease.

The PDA's board of directors voted 6-1 on three separate occasions to grant site plan review, subdivision approval and a conditional use permit for Seacoast Helicopters' new facility, which will be located at 107 North Apron Road. Board member Peggy Lamson cast the lone no vote each time during Thursday morning's meeting at Pease.

"I believe the noise coming from Seacoast Helicopters has been since 2013 an annoyance to the whole Seacoast area," Lamson said.

Seacoast Helicopters has at times been a lightning rod for controversy because of its "little red helicopters" that conduct tours all over the Seacoast, but especially in downtown Portsmouth. But company owner Bruce Cultrera has previously said Seacoast Helicopters is offering an allowed aviation service at the airport.

He stressed the tours Seacoast Helicopters conducts at Pease, which is about one-third of his business, help promote Portsmouth.

"I can't tell you how many times our pilots are asked by people, 'Where's a good place to eat in Portsmouth?' or 'What's fun to do in Portsmouth?' and we tell them," he said during a recent interview. "We're always promoting Portsmouth."

Several area residents appeared at Thursday's meeting and asked board members to reject the company's plan to move to a new and bigger location at Pease.

Newington Selectman Ken Latchaw spoke for the entire town board against Seacoast Helicopters' new location. Latchaw said the company's expansion will "adversely affect the residents and quality of life in Newington."

The move from Durham Street to the new location will also move the company's operations "thousands of feet closer to Newington," which will in turn "increase the intensity of noise" and add "to the existing noise pollution our town endures," he said.

Latchaw noted the town had asked for a noise study before the board granted the approvals, which was not conducted.

"In closing, the federal government has taken 54 percent of our town, polluted our water and created the highest noise pollution in New Hampshire, which will further increase if you approve the north apron location," he said Thursday. "I implore you to consider the town of Newington's residents before you approve a non-defense (airplane/helicopter) related business on the north apron."

Portsmouth resident Deidra Wallace said Seacoast Helicopters has "dramatically decreased the enjoyment I get from being in our yard." Because of the tours the company offers customers, Wallace said she often "can't hold conversations" in her yard until she waits "for the helicopters to go by."

Portsmouth resident John Stephenson said he began tracking how many times Seacoast Helicopters flew over his Miller Avenue home in 2014. One year he counted 115 trips over his home, and his high for a day was 15, he told the board Thursday.

"Imagine what it's like for us to be living with it," he said.

Despite what Stephenson described as a "significant amount of public opposition," from several nearby communities, that has died down.

"It didn't continue because there was no way to do much about it," he said.

Portsmouth resident T. Stephen McCarthy said he supported giving Seacoast Helicopters "full and complete approval" for its project.

"Seacoast Helicopters has done nothing but service the community well," McCarthy said, and followed any and all regulations. "No business who follows the letter of the law ... should be deprived of the opportunity to operate and grow."

PDA board member Peter Loughlin said "everybody on this board does try to balance the rights" of residents and companies like Seacoast Helicopters. He acknowledged the board "just to avoid all the hassles we'd probably prefer the helicopters weren't here."

"But they're here and they have a right to be here," said Loughlin said, who added he saw "no basis" for the board not to grant the company's requests. "We have no alternative but to grant it."

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DEVELOPMENT
AUTHORITY
August 16, 2018

55 International Drive, Portsmouth, NH 03801

Mr. Bruce Cultrera
Seacoast Helicopters, LLC
44 Durham St
Portsmouth, NH 03801

Re: 107 North Apron Road, Newington, NH
Site Review and Subdivision Applications

Dear Bruce,

The Pease Development Authority Technical Review Committee, at its meeting on August 9, 2018, considered your request for Site Review and Subdivision Approval, under chapters 400 and 500 of the Pease Land Use Controls.

As a result of said consideration, the Committee voted to recommend approval of these applications with the following stipulations:

1. Specify the existing concrete vaults on either side of the proposed parcel are not to be rubblized.
2. Add a milling plan to the drawing set or use an existing plan to identify where and how deep the apron is to be milled.
3. All drainage structures to be located airside of the new facility shall be designed and constructed to support the largest design group three aircraft.
4. Revise the lighting plan to include lighting fixtures to illuminate the aircraft apron adjacent to the proposed building.
5. All drainage pipe in the aircraft apron shall be RCP.
6. Change the direction of the two forcemain cleanouts on the detail so the gap between the two can be accessed.
7. The plans state the water main in the asphalt shoulder adjacent to the North Apron is 12." The City has as built that state it is 8." A test pit should be dug to confirm the size so the correct valves can be supplied.
8. Revise the Forcemain Terminus Into Manhole detail to reflect existing conditions. Specifically, the forcemain from 100 Arboretum Drive should be shown.
9. Add a note to the plans stating water and sewer connection permit applications shall be submitted and approved by the City prior to installing these services.
10. Add a note to the plans stating that in the event any excavation is required in Arboretum Drive, a roadway restoration meeting and approval from the City will be required before starting any such work.
11. Add a note stating the new fire hydrant shall meet City specifications for hydrants at Pease.
12. Specify water service connections to be copper.

○○○○ TAKING YOU THERE

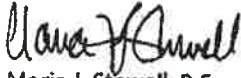
ph: 603-433-6088

fax: 603-427-0433

www.peasedev.org

This matter will be placed on the PDA Planning Board Agenda for Thursday, September 20, 2018 provided the above stipulations are adequately addressed on revised plans and/or exhibits to be filed with the City of Portsmouth and Town of Newington Planning Departments as well as the PDA Engineering Department no later than Tuesday, September 4, 2018.

Sincerely,



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

cc: Barry Gier, Jones & Beach Engineers, Inc.
Juliet T. H. Walker, City of Portsmouth
Gerald Coogan, Town of Newington

N:\ENGINEER\LETTERS\107 N Apron Rd 3.doc

Wing & Weintraub, P.C.

Attorneys at Law
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August 9, 2018

Lynn Marie Hinchee, Esquire
General Counsel
Pease Development Authority
55 International Drive
Portsmouth, New Hampshire 03801

RE: Seacoast Helicopters, LLC

Dear Attorney Hinchee:

Please be advised that I represent Seacoast Helicopters, LLC with respect to its ongoing attempt to lease additional land and to expand its facilities. Please direct any future response regarding this matter directly to my attention.

Seacoast Helicopters, LLC has received two memorandums of understanding for the project in response to its proposal to Pease Development Authority. The first memorandum of understanding was dated February 15, 2017 and the second was dated November 1, 2017. The first site was nixed by Pease Development Authority. Accordingly, a second site was chosen for the November 1, 2017 memorandum of understanding. After significant monetary outlays to have the project completed for both sites, the Pease Development Authority has stated that it does not wish to honor its commitment to Seacoast Helicopters, LLC. Most recently, Mr. Mullen stated that the second site was no longer available because they have found a more beneficial tenant notwithstanding the signed memorandum of understanding with Seacoast Helicopters, LLC.


Seacoast Helicopters, LLC has suffered significant damages as a result of the actions of the Pease Development Authority. Seacoast Helicopters, LLC relied upon the representations made by the Pease Development Authority with respect to both memorandums of understanding to its detriment. Seacoast Helicopters, LLC paid \$84,986.67 in professional fees in order to advance the project. However, the Pease Development Authority, 1 ½ years later, is now indicating that the project cannot move forward because they want to rent to a different tenant. Seacoast Helicopters, LLC was told that the project must wait for a period of 12 to 18 months.

Pursuant to the request of Mr. Mullen, attached is the breakdown for the out-of-pocket expenses that Seacoast Helicopters, LLC has incurred. Please consider this formal demand for payment in that amount. This is forwarded to you without prejudice to any future claim that may

be made by Seacoast Helicopters, LLC for loss of business income and other damages. This correspondence is sent for settlement purposes only.

Please do not hesitate to contact me should you have any questions or concerns.

Sincerely,
WING & WEINTRAUB, P.C.

By: 
David C. Wing, Esquire

DCW/kjw
Enclosure
pc: Seacoast Helicopters, LLC

MEMORANDUM

To: PDA Planning Board
From: Maria J. Stowell, P.E., Manager, Engineering *Maria*
Date: September 12, 2018
Re: Seacoast Helicopters - 107 North Apron Rd
Conditional Use, Subdivision, and Site Review Applications

The development project proposed by Seacoast Helicopters, LLC at 107 North Apron Road can proceed to the PDA Board of Directors for actions on its conditional use permit, subdivision, and site review applications. The meeting is set for Thursday, September 20th at 8:00 a. m. On June 21st the Capital Improvement and Land Planning Committee (CILPC) held a public hearing and recommended approval of the Conditional Use Permit Application and the associated wetland buffer impact of 9,831 square feet. The Technical Review Committee (TRC) held three public hearings during its review. At its third meeting on August 9th, TRC recommended approval of the subdivision application and approval with conditions of the Site Review application. Next Thursday the Board will hold a public hearing and then take final action on the three applications.

Attached you will find:

1. Public Hearing notices;
2. Applications for Conditional Use Permit, Subdivision, and Site Review;
3. Minutes of the June 21 CILPC;
4. Minutes of the June 14, July 12, and August 9 TRC;
5. PDA/TRC letters of June 18, July 19, and August 16 summarizing the conditions to be addressed in the plans;
6. HTA letters of June 8 and July 23 constituting the third party review of the plans;
7. Seacoast Helicopters/Jones & Beach Engineers response letters of June 19, June 28, July 31, and August 28; and,
8. Plan Set Revision 4 dated 8/30/18.

Staff has reviewed the most recent plan set. There are no outstanding items relating to the conditional use permit and subdivision applications. Absent any findings by the Board, I recommend that these applications be approved as presented. With regard to the site review application, all but one condition have been satisfactorily addressed. I recommend that this condition be made a part of any approval granted.

1. The "Forcemain Terminus Into Manhole" detail shall be revised to reflect actual field conditions.

in addition to the above conditions, there are two additional items deserving further consideration.

Sanitary Sewer Connection. The drawings presented at the August 9th TRC were revised, with no prompting from TRC, to show the construction of the sanitary sewer connection in two phases. By way of explanation, the sewage service to this building cannot be fed through a gravity connection to the existing system. Instead, sewage will need to be pumped to the nearest manhole located 3600± feet from the site. The sewage system as originally proposed (pre August 9) consists of a discharge pipe from the building to a 2500 gallon septic tank. The septic tank will separate out the effluent, which will be pumped to the municipal system. Solids will remain in the tank and be removed by a septage hauler on a schedule to be determined by need. It was agreed that this approach would work on a temporary basis until there is a larger demand that will trigger a greater infrastructure investment (construction of a system pump station). The two phase approach outlined on drawing D4 of the current submission would install only the septic tank in phase 1 with no schedule for installing a connection to the municipal system. Staff recommends against allowing the phasing of the work.

Underground Utilities. The TRC recommended approval of the project with the electrical and communication line extensions constructed with poles and overhead wires for the length of North Apron Road. At the North Apron Road cul-de-sac, the wires feed into underground conduits that extend to the building. The subject of undergrounding wires along North Apron Road was discussed by the Board during concept review consideration. While TRC found no technical reason to underground the utilities, the PDA Board may wish to impose this condition. Please note that overhead wires are currently located along 650± feet of North Apron Road. Any condition should specify the beginning point of the desired underground system.

If after consideration of the sanitary sewer and underground utilities issues the Board decides to supplement the TRC recommendation, in addition to the above conditions I suggest that the motion add the following:

2. No phasing of the sanitary sewer connection will be allowed. The applicant shall connect to the gravity sewer in Arboretum Drive prior to receiving a Certificate of Occupancy;
3. All electrical and communication wiring will be constructed in an underground conduit system. (*Specify beginning point of system.*)

The applicant will be presenting its plans at the public hearing and will be able to answer any questions the Board may have.

MOTION

Director Bohenko:

In accordance with the provisions of Article III, Section 3.9 of the Pease Development Authority By-Laws (the "By-Laws"), the PDA Board of Directors hereby designates an Ad-Hoc Advisory Committee to be known as the Residential Housing Study Committee to investigate, review and advise the Pease Development Authority with respect to the feasibility of permitting a residential use at Pease International Tradeport and to perform such other functions and duties as may be delegated to it from time to time by the Chairman.

The initial membership of the Residential Housing Study Committee and its purpose shall be as set forth in the attached Memorandum of Kevin H. Smith dated October __, 2018.

All meetings of the Residential Housing Study Committee shall be subject to the provisions of NHRSA ch. 91-A and the By-Laws.

N:\RESOLVES\2018\StudyCommittee 1018.docx

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. Public Comment
- III. FY 2018 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 *
- IV. Next Meeting- TBD
- V. Director's Comments
- VI. Adjournment
- VII. Press Questions

* **Related Materials Attached**
+ **Proposed Motion**

**FY 2019 FINANCIAL REPORT
FOR THE TWO MONTH PERIOD
ENDING AUGUST 31, 2018**



**BOARD OF DIRECTOR'S MEETING
OCTOBER 18, 2018**



CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES ²

FOR THE TWO MONTH PERIOD ENDING

AUGUST 31, 2018

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
OPERATING REVENUES <i>(PAGE #3)</i>	<u>3,297</u>	<u>3,223</u>	<u>74</u>	<u>15,224</u>
OPERATING EXPENSES				
PERSONNEL SERVICES AND BENEFITS <i>(PAGE #4 AND #5)</i>	1,099	1,003	96	5,903
BUILDINGS AND FACILITIES MAINTENANCE	274	428	(154)	2,482
GENERAL AND ADMINISTRATIVE <i>(PAGE #6)</i>	211	207	4	1,207
UTILITIES <i>(PAGE #6)</i>	65	106	(41)	712
PROFESSIONAL SERVICES <i>(PAGE #6)</i>	19	48	(29)	911
MARKETING AND PROMOTION	29	50	(21)	315
ALL OTHER <i>(PAGE #6)</i>	<u>339</u>	<u>226</u>	<u>113</u>	<u>1,033</u>
OPERATING INCOME	<u>2,036</u>	<u>2,068</u>	<u>(32)</u>	<u>12,563</u>
OPERATING INCOME	<u>1,261</u>	<u>1,155</u>	<u>106</u>	<u>2,661</u>
NONOPERATING (INCOME) AND EXPENSE <i>(PAGE #7)</i>	(5)	22	(27)	130
DEPRECIATION	<u>976</u>	<u>970</u>	<u>6</u>	<u>6,437</u>
NET OPERATING INCOME	<u>290</u>	<u>163</u>	<u>127</u>	<u>(3,906)</u>

BUDGET VARIANCE ANALYSIS

**OPERATING REVENUES-
HIGHER BY 2.3 % ...**

- TIMING DIFFERENCES ASSOCIATED WITH RENTAL OF FACILITIES, OFFSET BY INCREASES IN:
- GOLF FEES- ESCALATION IN NONMEMBER ROUNDS PLAYED
- CONCESSION REVENUES FROM HIGHER GRILL 28 SALES
- PAY FOR PARKING DEFERRED UNTIL JANUARY 2019
- DPH AND DAW FUEL SALES

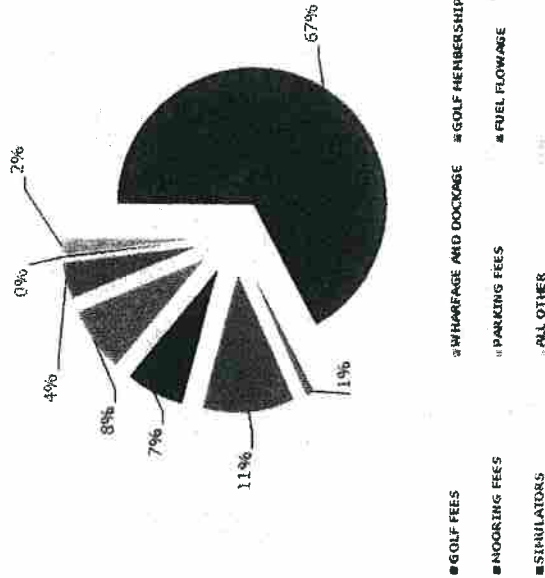
**OPERATING COSTS-
LOWER BY 1.5% %...**

- DPH AND DAW FUEL EXPENSE HIGHER TO OFFSET FUEL SALES.
- HEALTH INSURANCE PRELIMINARY RATE STRUCTURE MODIFIED- OPEB IMPACT
- COMPREHENSIVE FY 2018 YEAR END CUT-OFF FOR EXPENSES
- BENEFITED EMPLOYEE OVERTIME IN SUPPORT OF INCREASED ENPLACEMENTS AND WATERFRONT ACTIVITIES LESS THAN ANTICIPATED.

CONSOLIDATED OPERATING REVENUES FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2018

(\$ 000's)

FEE REVENUES YEAR TO DATE



	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VAR	CURRENT YEAR BUDGET
RENTAL OF FACILITIES	1,796	1,883	(87)	9,968
FEE REVENUES (SEE PIE CHART)	814	917	(103)	3,603
FUEL SALES (SEE TABLE BELOW)	334	190	144	704
CONCESSION REVENUE	77	88	(11)	400
GOLF MERCHANDISE	60	67	(7)	235
ALL OTHER- NET	216	78	138	314
	3,297	3,223	74	15,224

	FUEL ANALYSIS		BUDGETED SALES		BUDGET VARIANCE		ACTUAL COGS		BUDGETED COGS		BUDGETS VARIANCE	
	ACTUAL SALES	BUDGETED SALES	BUDGET VARIANCE	ACTUAL COGS	BUDGETED COGS	BUDGETS VARIANCE	ACTUAL COGS	BUDGETED COGS	BUDGETS VARIANCE			
PORTSMOUTH FISH PIER	147	105	42	109	65	44						
RYE HARBOR	66	18	48	50	16	34						
HAMPTON HARBOR	105	57	48	78	52	26						
SKYHAVEN AIRPORT	16	10	6	25	9	17						
	334	190	144	262	141	121						

CONSOLIDATED PERSONNEL SERVICES AND BENEFITS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2018

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
PERSONNEL SERVICES				
BENEFITED	631	634	(3)	3,667
NONBENEFITED	162	142	20	759
OVERTIME	31	41	(10)	236
ACCRUED VACATION/ SICK	9	-	9	-
	833	817	16	4,662
CHARGE OUT	(41)	(64)	23	(368)
	792	753	39	4,294
FRINGE BENEFITS				
HEALTH INSUR	190	172	18	1,026
RETIREMENT	113	80	33	605
DENTAL INSURANCE	11	10	1	63
LIFE INSURANCE	5	4	1	25
	319	266	53	1,719
CHARGE OUT	(12)	(16)	4	(110)
	307	250	57	1,609
	1,099	1,003	96	5,903

CURRENT STAFF ANALYSIS (FILLED POSITIONS) AS OF SEPTEMBER 27, 2018

	SAL/ BEN	HR/ BEN	HR/ NON	SE	TOTAL
EXECUTIVE	1.0	1.0	-	-	2.0
MAINTENANCE	-	18.0	-	-	18.0
PORTSMOUTH AIRPORT	3.0	8.0	5.0	-	16.0
SKYHAVEN	-	-	3.0	-	3.0
GOLF COURSE	3.0	4.0	-	40.0	47.0
ENGINEERING	3.0	0.5	-	-	3.5
LEGAL / HUMAN RESOURCES	1.0	2.0	1.0	-	4.0
FINANCE	2.0	2.5	-	-	4.5
PORT AUTHORITY	1.0	9.0	11.0	21.0	42.0
	14.0	45.0	20.0	61.0	140.0

CONSOLIDATED OTHER OPERATING EXPENSES FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2018

(\$ 000's)

UTILITIES	YEAR TO	YEAR TO	YEAR TO	CURRENT	CURRENT	CURRENT	CURRENT	CURRENT	CURRENT
	DATE	DATE	DATE						
	ACTUAL	BUDGET	BUDGET	VARIANCE	BUDGET	VARIANCE	BUDGET	VARIANCE	BUDGET
ELECTRICITY	47	62		(15)	394				
WATER	6	10		(4)	117			(28)	750
WASTE DISPOSAL	8	16		(8)	96			(5)	69
NATURAL GAS AND OIL	1	12		(11)	70			(2)	60
PROPANE	3	6		(3)	35			6	32
	65	106		(41)	712			(29)	911
PROFESSIONAL SERVICES									
LEGAL			28						
INFORMATION TECHNOLOGY			7						
EXTERNAL AUDIT			1						
ALL OTHER- NET			11						
	19	48						(29)	911
ALL OTHER									
FUEL			141						
GOLF MERCHANDISE			47						
COAST TROLLEY			9						
GOLF CART LEASE			29						
	339	226						113	1,033
ADMINISTRATIVE AND GENERAL									
FICA	61	63		(2)	357				
INSURANCE	31	28		3	168				
TELEPHONE / COMMUNICATIONS	17	17		-	104				
WORKERS' COMPENSATION	11	12		(1)	75				
BANK FEES	15	20		(5)	81				
ALL OTHER-NET	76	67		9	422				
	211	207		4	1,207			4	1,207

CONSOLIDATED NONOPERATING (INCOME) EXPENSE FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2018

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET	
INTEREST EXPENSE	2	25	(23)	148	
INTEREST INCOME AND OTHER	(7)	(3)	(4)	(18)	
	(5)	22	(27)	130	

<i>INTEREST EXPENSE</i>	
YEAR TO DATE	FISCAL BUDGET
PROVIDENT BANK- RLOC	138
CITY OF PORTSMOUTH	10
TOTAL	148

SUMMARY OF INTERGOVERNMENTAL RECEIVABLES AS OF AUGUST 31, 2018

(\$ 000's)

PROJECT NAME	APPROVAL DATE	TOTAL PROJECT	GRANT AWARD	EXPENDED TO DATE	PDA SHARE	RECEIVED TO DATE	BALANCE DUE PDA	AMOUNT SUBMITTED
PSM OBSTRUCTION DESIGN (SBG 04-2014)	04-25-14	333	316	304	(15)	286	3	3
PSM SECURITY IDENTIFICATION MANAGEMENT SYSTEM (SBG 05-2016)	03-21-16	392	373	392	(20)	307	65	-
PSM TERMINAL BATHROOM RENOVATIONS (AIP 56)	04-21-16	546	519	536	(27)	509	-	-
PSM RUNWAY 16-34 DESIGN (AIP 58)	05-18-17	1,265	885	660	(198)	406	56	-
PSM OBSTRUCTION REMOVAL / CONSTRUCTION (AIP 60)	05-18-17	1,130	1,074	891	(109)	782	-	-
PSM TERMINAL PLANNING STUDY (AIP 61)	05-18-17	393	373	351	(17)	-	334	-
PSM- AIR NATIONAL GUARD TAXIWAY PROJECT	-	2,500	2,500	2,440	(118)	2,321	1	-
PSM RUNWAY REIMBUR AGREEMENT (AIP 59)	08-23-17	931	885	34	(2)	29	3	-
PSM TERMINAL BUILDING EXPANSION	11-01-18	1,730	1,644	725	36	-	689	-
DAW SNOW REMOVAL EQUIP (SBG 08-2017)	05-18-17	503	478	495	(25)	7	463	-
DAW TAXILANE PAVEMENT AND DRAINAGE CONSTRUCTION (SBG 07-2016)	09-22-16	1,830	1,738	1,466	(103)	1,363	-	-
DPH UPGRADE PORT SECURITY AND SOFTWARE	-	59	59	47	(2)	-	45	-
DPH FUNCTIONAL REPLACEMENT- BARGE DOCK	-	-	-	196	-	97	99	99
							1,758	102

SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(\$ 000's)

PROJECT NAME	BALANCE AT 06-30-18	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-18
PORTSMOUTH AIRPORT					
RUNWAY 16-34 DESIGN (AIP 58)	661	-	-	-	661
TERMINAL PLANNING STUDY (AIP 61)	351	-	(351)	(351)	-
TERMINAL BUILDING EXPANSION	725	-	-	-	725
REPLACE TERMINAL RTU'S	180	-	(180)	(180)	-
OBSTRUCTION REMOVAL - CONSTRUCTION	2	-	-	-	2
TERMINAL CARPETING	-	21	(21)	-	-
	<u>1,919</u>	<u>21</u>	<u>(552)</u>	<u>(531)</u>	<u>1,388</u>

SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(CONTINUED):

(\$ 000's)

<u>PROJECT NAME</u>	BALANCE AT 06-30-18	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-18
SKYHAVEN AIRPORT	=	=	=	=	=
TRADEPORT	=	=	=	=	=
GOLF COURSE	=	=	=	=	=
TORO TOP DRESSING BRUSH	=	3	=	3	3
ADMINISTRATION					
WEBSITE REDESIGN PROJECT	29	10	(39)	(29)	=
MAINTENANCE					
	=	=	=	=	=

SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(CONTINUED):

(\$ 000's)

<u>PROJECT NAME</u>	BALANCE AT 06-30-18	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-18
DIVISION OF PORTS AND HARBORS (DPH)					
FASTLANE GRANT APPLICATION	11	-	-	-	11
UPGRADE PORT SECURITY AND SOFTWARE	47	-	-	-	47
FUNCTIONAL REPLACEMENT- BARGE DOCK	21	175	-	175	196
	<u>79</u>	<u>175</u>	-	<u>175</u>	<u>254</u>
TOTAL	<u>2,027</u>	<u>209</u>	<u>(591)</u>	<u>(382)</u>	<u>1,645</u>

LONG TERM LIABILITIES AS OF AUGUST 31, 2018

(\$ 000's)

SCHEDULE OF LONG TERM LIABILITY REPAYMENT

	CURRENT PORTION	LONG TERM PORTION	TOTAL AMOUNT DUE
STATE OF NEW HAMPSHIRE	91	273	364
POST RETIREE HEALTH CARE PROGRAM			
DPH- DEPARTMENT OF ARMY	-	252	252
CITY OF PORTSMOUTH- WATER POLLUTION CONTROL NOTE @ 4.50%	116	116	232
ACCRUED SICK LIABILITY	-	99	99
	207	740	947

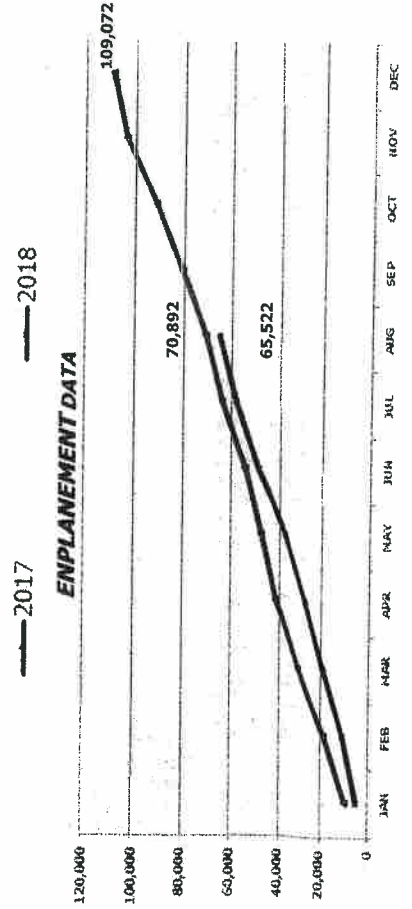
FISCAL YEAR	CITY OF PORTSMOUTH	STATE OF NEW HAMPSHIRE	
2019	116	91	
2020	116	91	
2021	-	91	
2022	-	91	
2023	-	91	
	232	455	
PAID IN FY 2019	-	(91)	
	232	364	

STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2018 PORTSMOUTH AIRPORT

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
OPERATING REVENUES	<u>170</u>	<u>265</u>	<u>(95)</u>	<u>1,539</u>
OPERATING EXPENSES				
PERSONNEL SERVICES AND BENEFITS	175	144	31	837
BUILDINGS AND FACILITIES MAINTENANCE	97	142	(45)	970
GENERAL AND ADMINISTRATIVE	52	43	9	259
UTILITIES	28	53	(25)	317
PROFESSIONAL SERVICES	1	-	1	-
MARKETING AND PROMOTION	17	7	10	43
ALL OTHER	-	-	-	-
	<u>370</u>	<u>389</u>	<u>(19)</u>	<u>2,426</u>
OPERATING INCOME (NONOPERATING (INCOME) AND EXPENSE)	(200)	(124)	(76)	(887)
DEPRECIATION	562	547	15	3,900
NET OPERATING INCOME	(762)	(671)	(91)	(4,787)

OPERATING REVENUES	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
FACILITIES RENTAL	144	144	-	811
CONCESSION REVENUES	3	12	(9)	72
FEE REVENUES	18	105	(87)	634
ALL OTHER	5	4	1	22
	<u>170</u>	<u>265</u>	<u>(95)</u>	<u>1,539</u>



STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2018 SKYHAVEN AIRPORT

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
OPERATING REVENUES	<u>36</u>	<u>30</u>	<u>6</u>	<u>185</u>
FACILITIES RENTAL	20	20	-	120
FUEL SALES	16	10	6	64
ALL OTHER	-	-	-	1
	36	30	6	185
OPERATING EXPENSES				
PERSONNEL SERVICES AND BENEFITS	8	11	(3)	66
BUILDINGS AND FACILITIES MAINTENANCE	13	12	1	71
GENERAL AND ADMINISTRATIVE	5	7	(2)	36
UTILITIES	2	5	(3)	30
PROFESSIONAL SERVICES	1	1	-	6
MARKETING AND PROMOTION	-	-	-	-
ALL OTHER- FUEL	25	9	16	51
	<u>54</u>	<u>45</u>	<u>9</u>	<u>260</u>
OPERATING INCOME	(18)	(15)	(3)	(75)
NONOPERATING (INCOME) AND EXPENSE				
DEPRECIATION	89	74	15	450
NET OPERATING INCOME	(107)	(89)	(18)	(525)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
OPERATING REVENUES	<u>20</u>	<u>20</u>	<u>-</u>	<u>120</u>
FACILITIES RENTAL	20	20	-	120
FUEL SALES	16	10	6	64
ALL OTHER	-	-	-	1
	36	30	6	185

	CURRENT MONTH	YEAR TO DATE	TOTAL YEAR	YTD AVE PRICE
GALLONS OF FUEL SOLD				
FY 2019	TBD	TBD	TBD	TBD
FY 2018	1,857	15,476	15,476	\$ 4.46

	OPERA	CAPITAL EXPEND	DEBT REPAY	GRANT FUNDS	TOTAL
NET CASH FLOW					
FY 2019	(18)	-	-	-	(18)
FY 2018	(74)	(1,193)	-	1,370	103
FY 2017	(91)	(929)	-	301	(719)
FY 2009-2016	(744)	(4,670)	(100)	4,054	(1,460)
	(927)	(6,792)	(100)	5,725	(2,094)

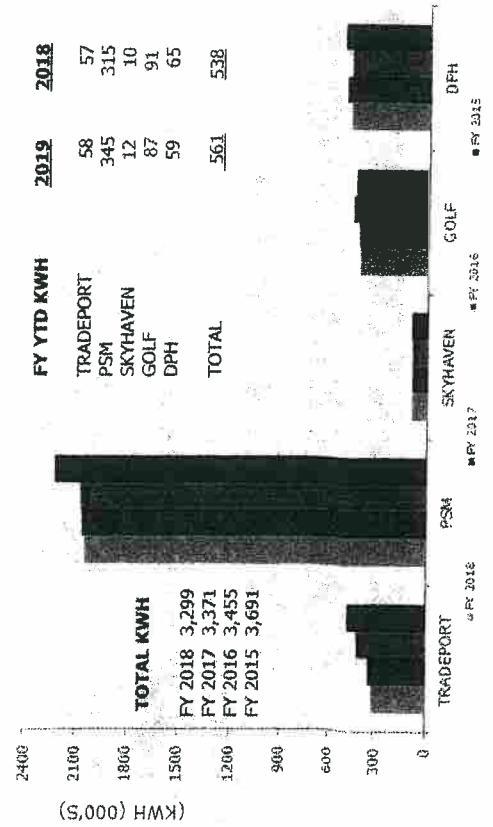
STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2018 TRADEPORT

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
OPERATING REVENUES	<u>1,723</u>	<u>1,674</u>	<u>49</u>	<u>8,557</u>
OPERATING EXPENSES				
PERSONNEL SERVICES AND BENEFITS	-	-	-	-
BUILDINGS AND FACILITIES MAINTENANCE	22	81	(59)	483
GENERAL AND ADMINISTRATIVE	7	8	(1)	48
UTILITIES	8	18	(10)	108
PROFESSIONAL SERVICES	-	-	-	-
MARKETING AND PROMOTION	1	-	1	-
ALL OTHER	-	9	(9)	120
	<u>38</u>	<u>116</u>	<u>(78)</u>	<u>759</u>
OPERATING INCOME	1,685	1,558	127	7,798
NONOPERATING (INCOME) AND EXPENSE	-	-	-	-
DEPRECIATION	129	142	13	850
NET OPERATING INCOME	1,556	1,416	140	6,948

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
OPERATING REVENUES				
RENTAL OF FACILITIES	1,566	1,630	(64)	8,378
ALL OTHER	157	44	113	179
	<u>1,723</u>	<u>1,674</u>	<u>49</u>	<u>8,557</u>

KWH CONSUMPTION ANALYSIS BY BUSINESS UNIT



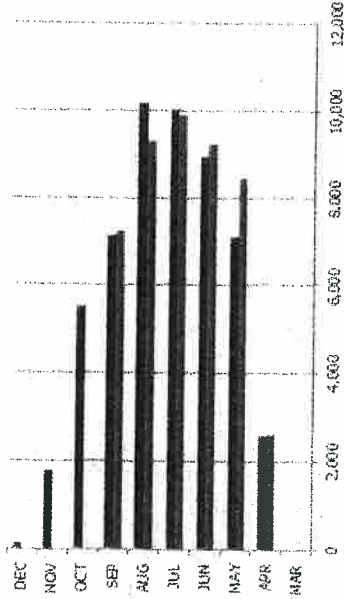
STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2018 GOLF COURSE

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET	OPERATING REVENUES	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET	
OPERATING REVENUES	<u>788</u>	<u>758</u>	<u>30</u>	<u>2,468</u>	CONCESSION REVENUES	72	74	(2)	325	
OPERATING EXPENSES					FEE REVENUES					
PERSONNEL SERVICES AND BENEFITS	218	188	30	863	GOLF FEES	552	523	29	1,425	
BUILDINGS AND FACILITIES MAINTENANCE	80	79	1	319	MEMBERSHIPS	91	86	5	340	
GENERAL AND ADMINISTRATIVE	54	49	5	238	SIMULATOR	1	1	-	120	
UTILITIES	15	12	3	13	LESSONS	9	6	3	17	
PROFESSIONAL SERVICES	4	3	1	16	MERCHANDISE AND OTHER	<u>653</u>	<u>616</u>	<u>37</u>	<u>1,902</u>	
MARKETING AND PROMOTION	6	9	(3)	55		63	68	(5)	241	
ALL OTHER	77	75	2	260		<u>788</u>	<u>758</u>	<u>30</u>	<u>2,468</u>	
	<u>454</u>	<u>415</u>	<u>39</u>	<u>1,904</u>	BUSINESS UNIT ANALYSIS					
OPERATING INCOME	<u>334</u>	<u>343</u>	<u>(9)</u>	<u>564</u>	PRO SHOP	60	655	72	1	788
NONOPERATING (INCOME) AND EXPENSE					COURSE OPERA	52	359	28	15	454
DEPRECIATION	69	67	2	397	FOOD / BEV					
NET OPERATING INCOME	<u>265</u>	<u>276</u>	<u>(11)</u>	<u>167</u>	OPERATING REVENUES	8	296	44	(14)	334

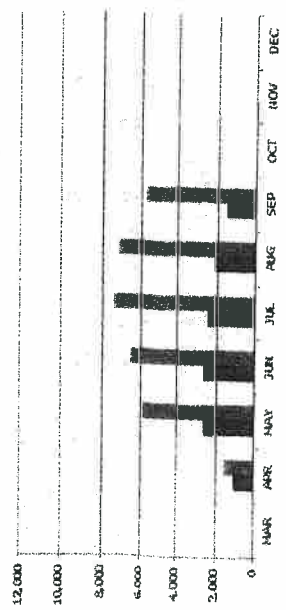
KEY GOLF COURSE BENCHMARKING DATA

ROUNDS OF GOLF PLAYED (SEASON)



	2018 YTD	2017 YTD	2018 SEASON	2017 SEASON
ROUNDS PLAYED	46,759	45,811	53,234	52
RAIN DAYS	44	43	52	

2018 MEMBER / NONMEMBER ROUNDS (SEASON)



GOLF SIMULATOR REVENUES

	FY 2019	FY 2018
JULY	\$ 331	\$ 253
AUGUST	485	992
SEPTEMBER	479	251
OCTOBER	-	3,135
NOVEMBER	-	14,913
DECEMBER	-	18,951
JANUARY	-	23,260
FEBRUARY	-	23,406
MARCH	-	23,198
APRIL	-	10,006
MAY	-	841
JUNE	-	97
TOTAL	\$ 1,295	\$ 119,353

GRILL 28 GROSS SALES

	FY 2019	FY 2018
JULY	\$ 208,701	\$ 195,199
AUGUST	221,334	210,451
SEPTEMBER	188,411	178,766
OCTOBER	-	156,482
NOVEMBER	-	98,447
DECEMBER	-	115,699
JANUARY	-	100,736
FEBRUARY	-	95,902
MARCH	-	86,828
APRIL	-	127,356
MAY	-	194,537
JUNE	-	248,212
TOTAL	\$ 618,446	\$ 1,808,615

2018 ROUNDS-SEASON
MEMBER 12,313
NONMEMBER 34,446
TOTAL 46,759



2017 ROUNDS-SEASON
MEMBER 11,719
NONMEMBER 34,092
TOTAL 45,811



CLUB/ COURSE FUNCTIONS

	FY 2019 YTD	FY 2018 YTD
GROUPS 12-40	29,653	22,210
TOURNAMENT PLAY	109,166	104,763
LEAGUES	34,923	37,240
FOOD AND ROOM FEES	100,137	82,717

STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2018 PORT AUTHORITY OF NEW HAMPSHIRE (UNRESTRICTED)

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET	OPERATING REVENUES	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
OPERATING REVENUES	<u>557</u>	<u>475</u>	<u>82</u>	<u>2,294</u>	FACILITY RENTALS	64	89	(25)	647
OPERATING EXPENSES					CONCESSION REVENUE	2	2	-	4
PERSONNEL SERVICES AND BENEFITS	220	181	39	1,084	FEE REVENUE				
BUILDINGS AND FAC AND MAINTENANCE	17	33	(16)	192	MOORING FEES	58	58	-	350
GENERAL AND ADMINISTRATIVE	33	31	2	215	PARKING	64	43	21	116
UTILITIES	13	18	(5)	103	REGISTRATIONS	-	25	(25)	150
PROFESSIONAL SERVICES	-	3	(3)	18	WHARF / DOCK	<u>8</u>	<u>56</u>	<u>(48)</u>	<u>335</u>
MARKETING AND PROMOTION	2	-	2	1	FUEL SALES	<u>130</u>	<u>182</u>	<u>(52)</u>	<u>951</u>
ALL OTHER - FUEL	237	133	104	602	ALL OTHER	318	180	138	640
	<u>522</u>	<u>399</u>	<u>123</u>	<u>2,215</u>	TOTAL	<u>557</u>	<u>475</u>	<u>82</u>	<u>2,294</u>
OPERATING INCOME	35	76	(41)	79	BUSINESS UNIT ANALYSIS				
NONOPERATING (INCOME) AND EXPENSE	-	-	-	(2)	OPERATING REVENUES	149	153	86	57
DEPRECIATION	103	118	15	708	OPERATING EXPENSES (EXCLUDING DEPRECIATION)	116	120	64	82
NET OP INCOME	(68)	(42)	26	(627)	OPERATING INCOME	33	33	22	(25)
					RYE HARBOR	37	33	22	(65)
					HAMPTON HARBOR				
					PORTSMOUTH FISH PIER				
					MARKET STREET				
					HARBOR MANAG				
					ADMIN				

STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2018 PORT AUTHORITY OF NEW HAMPSHIRE (RESTRICTED)

	YEAR TO DATE ACTUAL		YEAR TO DATE BUDGET		CURRENT YEAR VARIANCE		FISCAL YEAR BUDGET		FISCAL YEAR BUDGET
	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	YEAR TO DATE BUDGET	FISCAL YEAR BUDGET		
HARBOR DREDGING									
OPERATING REVENUES	15	11	4	100				12	
OPERATING EXPENSES									
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES MAINTENANCE	-	19	(19)	60				-	-
GENERAL AND ADMINISTRATIVE	-	2	(2)	4				5	5
UTILITIES	-	-	-	-				-	-
PROFESSIONAL SERVICES	-	-	-	-				-	-
MARKETING AND PROMOTION	-	-	-	-				1	1
ALL OTHER	-	-	-	-				-	-
	-	21	(21)	64				6	7
OPERATING INCOME	15	(10)	25	36				(6)	(5)
NONOPERATING (INCOME) AND EXPENSE									
DEPRECIATION	13	12	1	70				-	-
NET OPERATING INCOME	2	(22)	24	(34)				(6)	(5)

(\$ 000's)

**STATEMENT OF OPERATIONS FOR THE TWO MONTH
PERIOD ENDING AUGUST 31, 2018
PORT AUTHORITY OF NEW HAMPSHIRE (RESTRICTED)**

(\$ 000's)

(CONTINUED)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET		BALANCE AT 08-31-2018	BALANCE AT 06-30-2018
REVOLVING LOAN FUND							
OPERATING REVENUES	8	7	1	44			
OPERATING EXPENSES							
PERSONNEL SERVICES AND BENEFITS	-	-	-	-		103	48
BUILDINGS AND FACILITIES MAINTENANCE	7	-	7	-		-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-		103	48
UTILITIES	7	5	2	-		142	142
PROFESSIONAL SERVICES	-	-	-	32		950	1,010
MARKETING AND PROMOTION	-	-	-	-		1,092	1,152
ALL OTHER	-	-	-	-		1,195	1,200
OPERATING INCOME	14	5	9	32		91.4	96.0
NONOPERATING (INCOME) AND EXPENSE	(6)	2	(8)	12			
DEPRECIATION	-	-	-	-			
NET OPERATING INCOME	(6)	2	(8)	12		16.4	21.0

REVOLVING LOAN FUND RECONCILIATION

	BALANCE AT 08-31-2018	BALANCE AT 06-30-2018
CASH BALANCES		
GENERAL FUNDS	103	48
SEQUESTERED FUNDS	-	-
LOANS OUTSTANDING		
CURRENT	142	142
LONG TERM	950	1,010
CAPITAL UTILIZATION RATE- % (*)		
	1,092	1,152
	1,195	1,200
	91.4	96.0
FUND EXCESS (DEFICIENCY)- % (*)		
	16.4	21.0

(*) EXCLUDES SEQUESTERED FUNDS.

PEASE DEVELOPMENT AUTHORITY STATEMENT OF NET POSITION

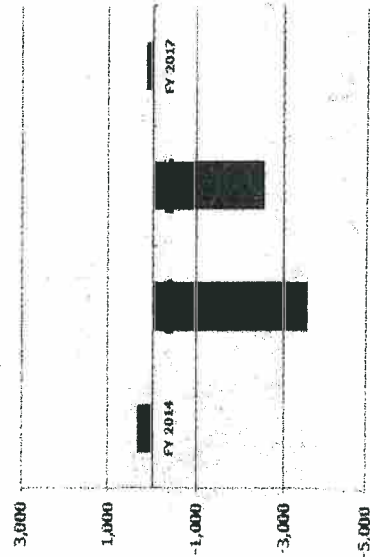
(EXCLUDING PORT AUTHORITY OF NEW HAMPSHIRE)

(\$ 000's)

DISCUSSION AND ANALYSIS

- CONTINUED FINANCIAL OBLIGATION TO SUPPORT NONGRANT RELATED CAPITAL PROJECTS AND DEBT REPAYMENT.
- ACCRUED PENSION LIABILITY FOR JUNE 30, 2018 REDUCED BY \$504
- REVENUE ESCALATION / CPI HAS BEEN EXCEEDED BY COST ESCALATION RELATIVE TO PERSONNEL SERVICES AND BENEFITS.

NET UNRESTRICTED POSITION AT JUNE 30



NOTE:
A) SUBJECT TO FINAL AUDIT REVIEW.

	AUG 31 2018	JUN 30 2018 (A)
ASSETS		
CURRENT ASSETS		
CASH AND EQUIVALENTS	5,450	5,197
ACCOUNTS RECEIVABLE- NET	1,891	2,547
OTHER ASSETS	408	454
TOTAL CURRENT ASSETS	7,749	8,198
RESTRICTED ASSETS		
CASH AND EQUIVALENTS	-	-
ACCOUNTS RECEIVABLES- NET	-	-
TOTAL RESTRICTED ASSETS	-	-
CAPITAL ASSETS		
LAND, BUILDINGS AND EQUIPMENT	55,068	55,335
CONSTRUCTION IN PROCESS (PAGES #10-#14)	1,390	1,947
TOTAL ASSETS	56,458	57,282
DEFERRED OUTFLOWS OF RESOURCES	64,207	65,480
PENSION	927	927
LIABILITIES	1,340	(A)
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	1,428	1,326
ACCOUNTS PAYABLE- CONSTRUCTION	959	2,415
UNEARNED REVENUE	181	410
REVOLVING LOC FACILITY	-	-
CURRENT PORTION- LT LIABILITIES	179	178
TOTAL CURRENT LIABILITIES	2,747	4,329
NONCURRENT LIABILITIES		
NET PENSION LIABILITY	3,952	3,952
OTHER LT LIABILITIES	445	445
TOTAL LIABILITIES	4,337	8,726
DEFERRED INFLOWS OF RESOURCES		
PENSION	233	233
NET POSITION		
NET INVEST IN CAPITAL ASSETS	55,266	55,265
RESTRICTED FOR: REVOLVING LOAN FUND HARBOR DREDGING FOREIGN TRADE ZONE UNRESTRICTED	-	-
TOTAL NET POSITION	57,817	57,448

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

(\$ 000's)

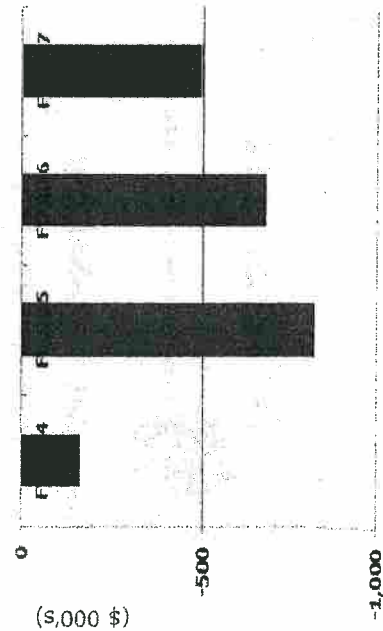
LIABILITIES	AUG 31 2018	JUN 30 2018 (A)
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	274	265
ACCOUNTS PAYABLE- CONSTRUCTION	100	-
UNEARNED REVENUE	204	271
REVOLVING LOC FACILITY	-	-
CURRENT PORTION- LT LIABILITIES	28	29
TOTAL CURRENT LIABILITIES	606	565
NONCURRENT LIABILITIES		
NET PENSION LIABILITY	1,034	1,034
OTHER LT LIABILITIES	103	131
	1,743	1,165
TOTAL LIABILITIES	1,730	1,730
DEFERRED INFLOWS OF RESOURCES		
PENSION	64	64
NET POSITION		
NET INVEST IN CAPITAL ASSETS	8,952	8,351
RESTRICTED FOR:		
REVOLVING LOAN FUND	-	-
HARBOR DREDGING	-	-
FOREIGN TRADE ZONE	-	-
UNRESTRICTED	(246)	248
TOTAL NET POSITION	8,706	8,599

ASSETS	AUG 31 2018	JUN 30 2018 (A)
CURRENT ASSETS		
CASH AND EQUIVALENTS	1,026	936
ACCOUNTS RECEIVABLE- NET	155	199
OTHER ASSETS	51	48
TOTAL CURRENT ASSETS	1,232	1,183
RESTRICTED ASSETS		
CASH AND EQUIVALENTS	-	-
ACCOUNTS RECEIVABLES- NET	-	-
TOTAL RESTRICTED ASSETS	-	-
CAPITAL ASSETS		
LAND, BUILDINGS AND EQUIPMENT	8,797	8,902
CONSTRUCTION IN PROCESS (PAGES #10-#14)	255	79
TOTAL ASSETS	9,052	8,981
DEFERRED OUTFLOWS OF RESOURCES	10,284	10,164
PENSION	229	229

DISCUSSION AND ANALYSIS

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

**NET UNRESTRICTED POSITION
AT JUNE 30**



NOTE:
A) SUBJECT TO FINAL AUDIT REVIEW.

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

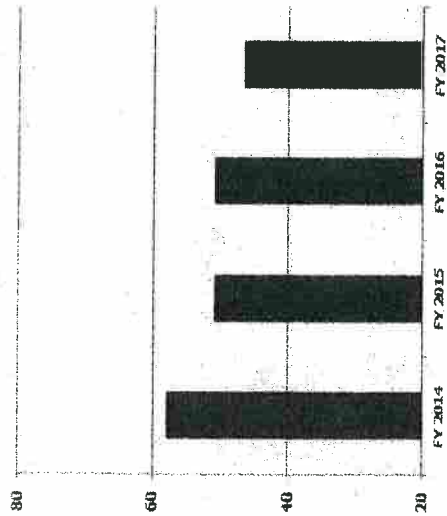
(\$ 000's)

	AUG 31 2018	JUN 30 2018	AUG 31 2018	JUN 30 2018
ASSETS				
CURRENT ASSETS				
CASH AND EQUIVALENTS	-	-	-	-
ACCOUNTS RECEIVABLE- NET	-	-	-	-
OTHER ASSETS	-	-	-	-
TOTAL CURRENT ASSETS	5	10	5	10
RESTRICTED ASSETS				
CASH AND EQUIVALENTS	5	10	5	10
ACCOUNTS RECEIVABLES- NET	-	-	-	-
TOTAL RESTRICTED ASSETS	5	10	5	10
CAPITAL ASSETS				
LAND, BUILDINGS AND EQUIPMENT	-	-	-	-
CONSTRUCTION IN PROCESS (PAGES #10-#14)	-	-	-	-
TOTAL ASSETS	5	10	5	10
DEFERRED OUTFLOWS OF RESOURCES				
PENSION	-	-	-	-
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	1	-	1	-
ACCOUNTS PAYABLE- CONSTRUCTION	-	-	-	-
UNEARNED REVENUE	-	-	-	-
REVOLVING LOC FACILITY	-	-	-	-
CURRENT PORTION- LT LIABILITIES	-	-	-	-
TOTAL CURRENT LIABILITIES	1	-	1	-
NONCURRENT LIABILITIES				
NET PENSION LIABILITY	-	-	-	-
OTHER LT LIABILITIES	-	-	-	-
TOTAL LIABILITIES	1	-	1	-
DEFERRED INFLOWS OF RESOURCES				
PENSION	-	-	-	-
NET POSITION				
NET INVEST IN CAPITAL ASSETS	-	-	-	-
RESTRICTED FOR:				
REVOLVING LOAN FUND	-	-	-	-
HARBOR DREDGING	-	-	-	-
FOREIGN TRADE ZONE	4	10	4	10
UNRESTRICTED	-	-	-	-
TOTAL NET POSITION	4	10	4	10

DISCUSSION AND ANALYSIS

* CURRENTLY EXPLORING ACCELERATED MARKETING PLAN TO ATTRACT POTENTIAL VENDORS.

**NET RESTRICTED POSITION
AT JUNE 30**



(5,000 \$)

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

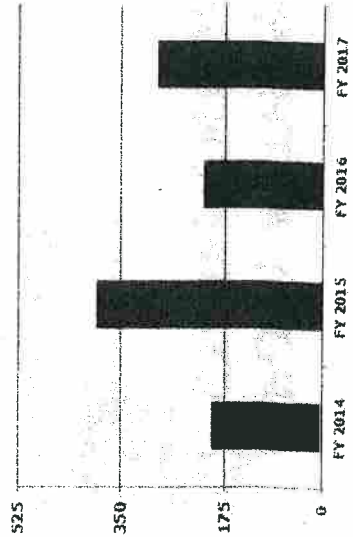
(\$ 000's)

	AUG 31 2018	JUN 30 2018	AUG 31 2018	JUN 30 2018
ASSETS				
CURRENT ASSETS				
CASH AND EQUIVALENTS	-	-	-	-
ACCOUNTS RECEIVABLE- NET	-	-	-	8
OTHER ASSETS	-	-	-	-
TOTAL CURRENT ASSETS	-	-	-	-
RESTRICTED ASSETS				
CASH AND EQUIVALENTS	438	431	-	8
ACCOUNTS RECEIVABLES- NET	-	1	-	-
TOTAL RESTRICTED ASSETS	<u>438</u>	<u>432</u>	-	-
CAPITAL ASSETS				
LAND, BUILDINGS AND EQUIPMENT	780	793	-	-
CONSTRUCTION IN PROCESS (PAGES #10-#14)	-	-	-	-
TOTAL ASSETS	<u>1,218</u>	<u>1,225</u>	-	-
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	253	-	-	-
OTHER LT LIABILITIES	-	-	-	-
TOTAL LIABILITIES	<u>253</u>	<u>253</u>	-	-
DEFERRED INFLOWS OF RESOURCES				
PENSION	-	-	-	-
NET POSITION				
NET INVEST IN CAPITAL ASSETS	779	784	-	-
RESTRICTED FOR:				
REVOLVING LOAN FUND	-	-	-	-
HARBOR DREDGING	186	-	-	-
FOREIGN TRADE ZONE	-	-	-	-
UNRESTRICTED	-	-	-	-
TOTAL NET POSITION	<u>965</u>	<u>964</u>	-	-

DISCUSSION AND ANALYSIS

- CONTINUED FINANCIAL OBLIGATION TO SUPPORT UNREIMBURSED CAPITAL PROJECTS OR REPAIRS AND MAINTENANCE FOR PORT OPERATIONS. FOR FY 2018:
 - VESSEL SERVICE POWER REPLAC 94
 - RYE STORM DAMAGE 36
 - PPP FISH PIER INSPECTION 25
 - PPP ELECTRICAL DESIGN 21
 - SECURITY LIGHTING UPGRADE 15
 - PPP ICE COMPRESSOR REPAIR 9
 - ALL OTHER 41

**NET RESTRICTED POSITION
AT JUNE 30**



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

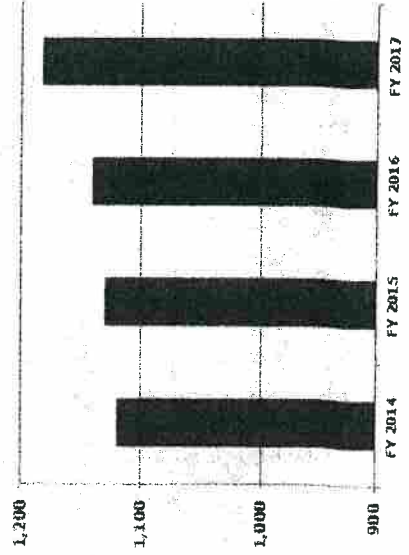
(\$ 000's)

	AUG 31 2018	JUN 30 2018	AUG 31 2018	JUN 30 2018
ASSETS				
CURRENT ASSETS				
CASH AND EQUIVALENTS	-	-	-	-
ACCOUNTS RECEIVABLE- NET	-	-	-	-
OTHER ASSETS	-	-	-	-
TOTAL CURRENT ASSETS	-	-	-	-
RESTRICTED ASSETS				
CASH AND EQUIVALENTS	103	48	103	48
ACCOUNTS RECEIVABLES- NET	1,092	1,152	1,092	1,152
TOTAL RESTRICTED ASSETS	<u>1,195</u>	<u>1,200</u>	<u>1,195</u>	<u>1,200</u>
CAPITAL ASSETS				
LAND, BUILDINGS AND EQUIPMENT	-	-	-	-
CONSTRUCTION IN PROCESS (PAGES #10-#14)	-	-	-	-
TOTAL ASSETS	<u>1,195</u>	<u>1,200</u>	<u>1,195</u>	<u>1,200</u>
DEFERRED OUTFLOWS OF RESOURCES				
PENSION	-	-	-	-
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	3	-	3	-
ACCOUNTS PAYABLE- CONSTRUCTION	-	-	-	-
UNEARNED REVENUE	-	-	-	-
REVOLVING LOC FACILITY	-	-	-	-
CURRENT PORTION- LT LIABILITIES	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>3</u>	<u>2</u>	<u>3</u>	<u>2</u>
NONCURRENT LIABILITIES				
NET PENSION LIABILITY	-	-	-	-
OTHER LT LIABILITIES	-	-	-	-
TOTAL LIABILITIES	<u>3</u>	<u>2</u>	<u>3</u>	<u>2</u>
DEFERRED INFLOWS OF RESOURCES				
PENSION	-	-	-	-
NET POSITION				
NET INVEST IN CAPITAL ASSETS	-	-	-	-
RESTRICTED FOR:				
REVOLVING LOAN FUND	1,192	1,198	1,192	1,198
HARBOR DREDGING	-	-	-	-
FOREIGN TRADE ZONE	-	-	-	-
UNRESTRICTED	-	-	-	-
TOTAL NET POSITION	<u>1,192</u>	<u>1,198</u>	<u>1,192</u>	<u>1,198</u>

DISCUSSION AND ANALYSIS

- IN JULY 2018, EDA AWARDS PDA WITH INITIAL RISK RATING OF "A" (HIGHEST).
- 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**



CASH FLOW PROJECTIONS FOR THE NINE MONTH PERIOD ENDING JUNE 30, 2019



**BOARD OF DIRECTOR'S MEETING
OCTOBER 18, 2018**

PEASE DEVELOPMENT AUTHORITY CASH FLOW SUMMARY OVERVIEW OCTOBER 1, 2018 TO JUNE 30, 2019

(EXCLUDING DIVISION OF PORTS AND HARBORS)

(\$ 000's)

	AMOUNT
OPENING FUND BALANCE	6,247
SOURCES OF FUNDS	
TRADEPORT TENANTS	6,290
GRANT AWARDS (SEE PAGE #8)	1,453
PORTSMOUTH AIRPORT- LEASES, FUEL FLOWAGE FEES AND PAY FOR PARKING	1,135
GOLF COURSE FEE AND CONCESSION REVENUES	905
SKYHAVEN AIRPORT HANGAR AND FUEL REVENUES	133
MUNICIPAL SERVICE FEE (COP)- NET	(56)
EXTERNAL BANK WORKING CAPITAL- NET	9,860
USES OF FUNDS	
PERSONNEL SERVICES AND BENEFITS	4,915
CAPITAL EXPENDITURES- NON GRANT (SEE PAGES #5-#7)	4,592
OPERATING EXPENSES	2,990
CAPITAL EXPENDITURES- GRANT (SEE PAGE #4)	700
LONG TERM DEBT RETIREMENT	127
NET CASH FLOW	13,324
	(3,464)
CLOSING FUND BALANCE	2,783

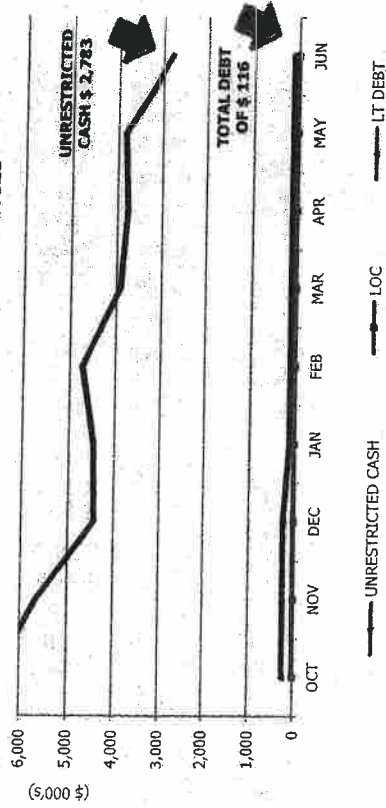
(\$ 000's)

DISCUSSION

AT THIS TIME, THE PDA DOES NOT ANTICIPATE THE NEED TO UTILIZE IT'S SHORT TERM LINE OF CREDIT WITH THE PROVIDENT BANK TO PRIMARILY FINANCE PROJECTED NON-GRANT RELATED CAPITAL EXPENDITURES AND OR WORKING CAPITAL NEEDS.

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

PROJECTED CASH AND DEBT BALANCES



TOTAL FUND BALANCES	BALANCE AT 09-30-2018	BALANCE AT 06-30-2018
PDA UNRESTRICTED	6,247	5,162
PDA DESIGNATED	19	19
TOTAL	6,266	5,181

PEASE DEVELOPMENT AUTHORITY STATEMENT OF CASH FLOW *(EXCLUDING THE DIVISION OF PORTS AND HARBORS)*

(\$ 000's)

	OCI	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
OPENING FUND BALANCE	<u>6,247</u>	<u>6,527</u>	<u>5,663</u>	<u>4,431</u>	<u>4,464</u>	<u>4,727</u>	<u>3,916</u>	<u>3,781</u>	<u>3,841</u>	<u>6,247</u>
SOURCES OF FUNDS										
TRADEPORT TENANTS	685	705	690	695	695	700	700	710	710	6,290
GRANT AWARDS <i>(SEE PAGE #8)</i>	120	85	708	290	140	-	110	-	-	1,453
MUNICIPAL SERVICE FEE	250	375	250	250	375	250	250	375	250	2,625
GOLF COURSE	170	50	50	80	120	120	90	100	125	905
PORTSMOUTH AIRPORT	45	50	45	45	50	45	45	50	45	420
FUEL FLOWAGE FEES- PSM	30	35	35	40	40	40	40	40	50	350
PAY FOR PARKING- PSM	-	-	-	65	65	65	60	60	50	365
SKYHAVEN AIRPORT	15	14	15	14	14	14	15	15	17	133
WORKING CAPITAL RLOC- NET	-	-	-	-	-	-	-	-	-	-
	<u>1,315</u>	<u>1,314</u>	<u>1,793</u>	<u>1,479</u>	<u>1,499</u>	<u>1,234</u>	<u>1,310</u>	<u>1,350</u>	<u>1,247</u>	<u>12,541</u>
USE OF FUNDS										
CAPITAL- NONGRANT <i>(SEE PAGES #5-#7)</i>	60	1,053	530	414	295	1,150	575	415	100	4,592
PERSONNEL SERVICES AND BENEFITS	525	515	530	545	550	565	550	560	575	4,915
OPERATING EXPENSES	300	315	525	300	310	305	320	315	300	2,990
CAPITAL- GRANT RELATED <i>(SEE PAGE #4)</i>	150	295	110	60	60	25	-	-	-	700
MUNICIPAL SERVICE FEE	-	-	1,330	-	21	-	-	-	1,330	2,681
LONG TERM DEBT RETIREMENT	-	-	-	127	-	-	-	-	-	127
	<u>1,035</u>	<u>2,178</u>	<u>3,025</u>	<u>1,446</u>	<u>1,236</u>	<u>2,045</u>	<u>1,445</u>	<u>1,290</u>	<u>2,305</u>	<u>16,005</u>
NET CASH FLOW	280	(864)	(1,232)	33	263	(811)	(135)	60	(1,050)	(3,464)
CLOSING FUND BALANCE	<u>6,527</u>	<u>5,663</u>	<u>4,431</u>	<u>4,464</u>	<u>4,727</u>	<u>3,916</u>	<u>3,781</u>	<u>3,841</u>	<u>2,783</u>	<u>2,783</u>

PEASE DEVELOPMENT AUTHORITY CAPITAL EXPENDITURES

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(\$ 000'S)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<u>GRANT REIMBURSEMENT</u>										
PORTSMOUTH AIRPORT										
TERMINAL EXPANSION DESIGN AND CONSTRUCTION	-	-	-	-	-	-	-	-	-	-
RUNWAY 16-34 DESIGN	50	100	110	60	60	25	-	-	-	405
OBSTRUCTION MITIGATION- CONSTRUCT	-	45	-	-	-	-	-	-	-	45
TERMINAL IMPROVEMENT PLANNING	-	-	-	-	-	-	-	-	-	-
AIR NATIONAL GUARD TAXIWAY	100	50	-	-	-	-	-	-	-	150
SECURITY IDENTIFICATION SYSTEM	-	-	-	-	-	-	-	-	-	-
SKYHAVEN AIRPORT										
TAXILANE PAVEMENT (CONSTRUCTION)	-	100	-	-	-	-	-	-	-	100
	150	295	110	60	60	25	-	-	-	700

NOTE:
** PENDING BOARD APPROVAL

PEASE DEVELOPMENT AUTHORITY

CAPITAL EXPENDITURES

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(CONTINUED):

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<u>NONGRANT REIMBURSEMENT</u>										
SKYHAVEN AIRPORT										
ADMINISTRATION										
COMPUTERS / PRINTERS / SOFTWARE / SERVERS / TELECOMMUNICATIONS **	-	-	25	-	-	-	-	25	-	50
FIREWALL REPLACEMENT **	-	-	-	20	-	-	-	-	-	20
PROPERTY MANAGEMENT SOFTWARE **	-	-	-	10	-	-	-	-	-	10
GOLF COURSE										

NOTE:
** PENDING BOARD APPROVAL

PEASE DEVELOPMENT AUTHORITY CAPITAL EXPENDITURES

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(\$ 000's)

(CONTINUED):

	OCI	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<u>NONGRANT REIMBURSEMENT</u> (CONTINUED):										
PORTSMOUTH AIRPORT										
TERMINAL CONSTRUCTION	-	-	160	250	250	1,050	575	390	100	2,775
TERMINAL EXPANSION DESIGN	-	725	-	-	-	-	-	-	-	725
PAY FOR PARKING	10	75	150	15	-	-	-	-	-	250
SECURITY BADGING SYSTEM UPGRADE AND INTEGRATION **	-	-	100	150	-	-	-	-	-	250
TERMINAL ROOF REPLACEMENT DESIGN AND BAGGAGE HANDLING SYSTEM	-	-	-	119	-	-	-	-	-	119
GROUND TRANSPORTATION BUS **	-	-	-	-	-	100	-	-	-	100
NORTH WEATHER STATION GENERATOR **	-	-	35	-	-	-	-	-	-	35
TREE REPLACEMENT **	-	15	-	-	-	-	-	-	-	15

NOTE:
** PENDING BOARD APPROVAL

PEASE DEVELOPMENT AUTHORITY
CAPITAL EXPENDITURES
 (CONTINUED)

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<u>NONGRANT REIMBURSEMENT</u>										
<u>TRADEPORT</u>										
STORMWATER TREATMENT	-	15	10	-	-	-	-	-	-	25
<u>MAINTENANCE</u>										
VEHICLE FLEET REPLACEMENT **	-	45	-	-	45	-	-	-	-	90
OLD TERMINAL-RTU	50	-	-	-	-	-	-	-	-	50
SNOW GROOMING MACHINE **	-	40	-	-	-	-	-	-	-	40
TRACTOR ADD ON COMPONENTS **	-	38	-	-	-	-	-	-	-	38
TOTAL	60	1,053	530	414	295	1,150	575	415	100	4,592

NOTE:
 ** PENDING BOARD APPROVAL

PEASE DEVELOPMENT AUTHORITY RECEIPT GRANT AWARDS

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
PORTSMOUTH AIRPORT										
TERMINAL EXPANSION DESIGN AND CONSTRUCTION	-	-	-	-	-	-	-	-	-	-
RUNWAY 16-34 DESIGN	100	-	90	-	90	-	110	-	-	390
OBSTRUCTION MITIGATION- CONSTRUCT	-	85	-	-	-	-	-	-	-	85
TERMINAL IMPROVEMENT PLANNING	-	-	-	175	-	-	-	-	-	175
AIR NATIONAL GUARD TAXIWAY	20	-	150	-	-	-	-	-	-	170
SECURITY IDENTIFICATION SYSTEM	-	-	-	115	-	-	-	-	-	115
SKYHAVEN AIRPORT										
ROTARY PLOW	-	-	468	-	-	-	-	-	-	468
TAXILANE PAVEMENT (CONSTRUCTION)	-	-	-	-	50	-	-	-	-	50
TOTAL	120	85	708	290	140	-	110	-	-	1,453

PEASE DEVELOPMENT AUTHORITY CREDIT FACILITIES AND OUTSTANDING DEBT ANALYSIS

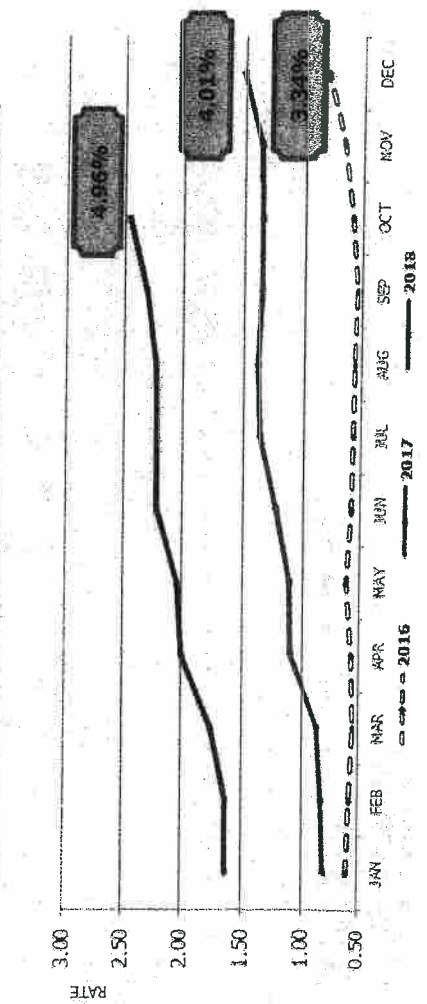
(\$ 000's)

AMOUNT OF ORIGINAL CREDIT FACILITY	THE PROVIDENT BANK (RLOC)	5,000
AMOUNT AVAILABLE		5,000
EFFECTIVE DATE		03-10-2011
TERM DATE		12-31-2018
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		Maturity DATE	INTEREST RATE %
	09-30-2018	06-30-2018		
THE PROVIDENT BANK (RLOC)	-	-	12-31-2018	VARIABLE
CITY OF PORTSMOUTH	233	233	12-31-2020	4.50
WEIGHTED AVERAGE	233	233		4.50



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

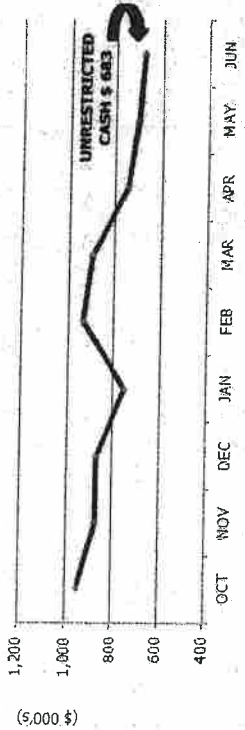


DIVISION OF PORTS AND HARBORS CASH FLOW SUMMARY OVERVIEW (EXCLUDING RESTRICTED FUNDS)

(\$ 000's)

	AMOUNT	DISCUSSION
OPENING FUND BALANCE	<u>1,095</u>	
SOURCES OF FUNDS		
FACILITY RENTALS	548	CURRENT SENSITIVITIES TOWARD FUTURE PROJECTIONS INCLUDE 1) ACCURACY OF CAPITAL EXPENDITURE FORECAST AND USE OF HARBOR DREDGING AND PIER MAINTENANCE FUNDS, 2) WORKERS COMPENSATION CLAIMS, 3) FUEL CONSUMPTION AND, 4) CONTINUED CONTAINMENT OF EMPLOYEE OVERTIME.
MOORING FEES	325	LEASE AGREEMENT WITH GRANITE STATE MINERALS WAS EFFECTIVE NOVEMBER 15, 2017 .
REGISTRATIONS / WHARFAGE	180	
FUEL SALES	270	\$ 252 LOAN AMORTIZATION PERIOD AND INTEREST RATE ASSOCIATED WITH HB 25-FN-A (PISCATAQUA RIVER TURNING BASIN), HAS YET TO BE DETERMINED. LONG TERM LIABILITY.
PARKING FEES AND CONCESSIONS	75	
	<u>1,398</u>	
USES OF FUNDS		
PERSONNEL SERVICES AND BENEFITS	1,170	
OPERATING EXPENSES	387	
FUEL PROCUREMENT	223	
CAPITAL EXPENDITURES AND OTHER	30	
	<u>1,810</u>	
NET CASH FLOW	<u>(412)</u>	
CLOSING FUND BALANCE	<u>683</u>	

PROJECTED UNRESTRICTED CASH BALANCES



TOTAL FUND BALANCES	BALANCE AT 09-30-2018	BALANCE AT 06-30-2018
UNRESTRICTED FUNDS	1,095	940
RESTRICTED FUNDS:		
HARBOR DREDGING	439	431
REVOLVING LOAN FUND	51	50
FOREIGN TRADE ZONE	4	10
TOTAL	<u>1,589</u>	<u>1,431</u>

DIVISION OF PORTS AND HARBORS STATEMENT OF CASH FLOW- UNRESTRICTED FUNDS

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
OPENING FUND BALANCE	<u>1,095</u>	<u>957</u>	<u>875</u>	<u>884</u>	<u>763</u>	<u>947</u>	<u>915</u>	<u>761</u>	<u>731</u>	<u>1,095</u>
SOURCES OF FUNDS										
FACILITY RENTALS	60	60	60	60	60	62	62	62	62	548
CONCESSION REVENUES	-	-	-	-	-	-	10	10	10	30
MOORING FEES	-	-	-	75	225	25	-	-	-	325
REGISTRATIONS / WHARFAGE	50	-	80	-	25	-	25	-	-	180
PARKING FEES	5	-	-	-	-	-	10	30	-	45
FUEL SALES	25	25	25	30	30	30	35	35	35	270
	<u>140</u>	<u>85</u>	<u>165</u>	<u>165</u>	<u>340</u>	<u>117</u>	<u>142</u>	<u>137</u>	<u>107</u>	<u>1,398</u>
USE OF FUNDS										
PERSONNEL SERVICES AND BENEFITS	215	85	85	210	85	90	220	90	90	1,170
BUILDINGS AND FACILITIES	10	15	15	15	10	10	15	15	10	115
GENERAL AND ADMINISTRATIVE	11	14	12	11	14	12	12	15	13	114
UTILITIES	12	13	14	15	17	17	15	13	12	128
PROFESSIONAL SERVICES	10	-	-	10	-	-	10	-	-	30
FUEL PROCUREMENT	20	30	30	25	20	20	24	24	30	223
CAPITAL EXPENDITURES AND OTHER	-	10	-	-	10	-	-	10	-	30
	<u>278</u>	<u>167</u>	<u>156</u>	<u>286</u>	<u>156</u>	<u>149</u>	<u>296</u>	<u>167</u>	<u>155</u>	<u>1,810</u>
NET CASH FLOW	(138)	(82)	9	(121)	184	(32)	(154)	(30)	(48)	(412)
CLOSING FUND BALANCE	<u>957</u>	<u>875</u>	<u>884</u>	<u>763</u>	<u>947</u>	<u>915</u>	<u>761</u>	<u>731</u>	<u>683</u>	<u>683</u>

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

(\$ 000's)

	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>TOTAL</u>
OPENING FUND BALANCE	<u>439</u>	<u>451</u>	<u>460</u>	<u>412</u>	<u>450</u>	<u>461</u>	<u>497</u>	<u>450</u>	<u>469</u>	<u>439</u>
SOURCES OF FUNDS										
PIER USAGE FEES	10	10	-	15	10	25	-	15	15	100
REGISTRATIONS	-	-	-	-	-	10	-	5	-	15
FUEL FLOWAGE FEES	2	3	2	2	3	3	3	3	4	25
GRANT FUNDING	-	-	-	23	-	-	-	-	-	23
USE OF FUNDS										
PERSONNEL SERVICES AND BENEFITS	12	13	2	40	13	38	3	23	19	163
BUILDINGS AND FACILITIES	-	-	-	-	-	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	2	-	2	-	2	-	2	-	8
UTILITIES	-	-	-	-	2	-	-	2	-	6
PROFESSIONAL SERVICES	-	-	-	-	-	-	-	-	-	-
ALL OTHER- (CBOC)	-	-	50	-	-	-	50	-	-	100
NET CASH FLOW	-	4	50	2	2	2	50	4	-	114
CLOSING FUND BALANCE	<u>451</u>	<u>460</u>	<u>412</u>	<u>450</u>	<u>461</u>	<u>497</u>	<u>450</u>	<u>469</u>	<u>488</u>	<u>488</u>

DIVISION OF PORTS AND HARBORS

STATEMENT OF CASH FLOW- REVOLVING LOAN

(\$ 000's)

	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>TOTAL</u>
OPENING FUND BALANCE	<u>51</u>	<u>64</u>	<u>76</u>	<u>86</u>	<u>97</u>	<u>109</u>	<u>119</u>	<u>130</u>	<u>140</u>	<u>51</u>
SOURCES OF FUNDS										
LOAN REPAYMENTS	12	12	10	10	10	10	10	10	10	94
INTEREST INCOME-LOANS	3	3	3	3	3	3	3	3	2	26
INTEREST INCOME- FUND BALANCE	1	-	-	-	1	-	-	-	1	3
SEQUESTERED FUNDS	-	-	-	-	-	-	-	-	-	-
	<u>16</u>	<u>15</u>	<u>13</u>	<u>13</u>	<u>14</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>123</u>
USE OF FUNDS										
NEW LOANS ISSUED	-	-	-	-	-	-	-	-	-	-
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES	-	-	-	-	-	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-	-	-	-	-	-
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	3	3	3	2	2	3	2	3	2	23
ALL OTHER	-	-	-	-	-	-	-	-	-	-
	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>23</u>
NET CASH FLOW	13	12	10	11	12	10	11	10	11	100
CLOSING FUND BALANCE	<u>64</u>	<u>76</u>	<u>86</u>	<u>97</u>	<u>109</u>	<u>119</u>	<u>130</u>	<u>140</u>	<u>151</u>	<u>151</u>

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

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MARR	APR	MAY	JUN	TOTAL
OPENING FUND BALANCE	4	9	9	9	12	12	12	10	10	4
SOURCES OF FUNDS										
FACILITY RENTALS	-	-	-	-	-	-	-	-	-	-
ALL OTHER	5	-	-	5	-	-	-	-	-	10
USE OF FUNDS	5	-	-	5	-	-	-	-	-	10
PERSONNEL SERVICES AND BENEFITS										
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES										
BUILDINGS AND FACILITIES	-	-	-	-	-	-	-	-	-	-
GENERAL AND ADMINISTRATIVE										
GENERAL AND ADMINISTRATIVE	-	-	-	2	-	-	2	-	-	4
UTILITIES										
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES										
PROFESSIONAL SERVICES	-	-	-	-	-	-	-	-	-	-
ALL OTHER										
ALL OTHER	-	-	-	-	-	-	-	-	-	-
NET CASH FLOW	5	-	-	3	-	-	(2)	-	-	6
CLOSING FUND BALANCE	9	9	9	12	12	12	10	10	10	10

MOTION

Director Lamson:

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, 2017 and 2018 and the Uniform Guidance Audit of Federal Awards for the year ended June 30, 2018, both attached in draft form; all as otherwise prepared and submitted by PDA's independent auditor Berry, Dunn, McNeill and Parker, LLC; and further authorizes the Executive Director to forward the certified Financial Statements to the State of New Hampshire when final for inclusion in the Comprehensive Annual Financial Report.

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

Financial Statements and
Management's Discussion and Analysis

*Years Ended June 30, 2018 and 2017
With Independent Auditor's Report*

DRAFT

PEASE
INTERNATIONAL
PEASE DEVELOPMENT AUTHORITY
PORTSMOUTH, NH

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

FINANCIAL STATEMENTS

Years Ended June 30, 2018 and 2017

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

BOARD OF DIRECTORS

Kevin H. Smith, 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

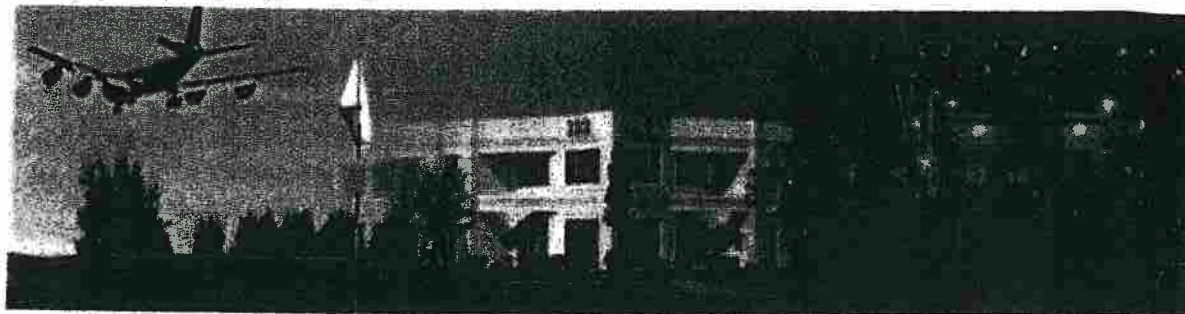
Margaret F. Lamson
Appointed by the Town of Newington

Neil Levesque
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

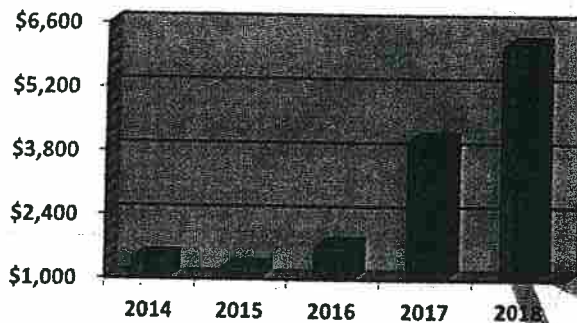
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PEASE DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Hampshire)
FINANCIAL HIGHLIGHTS (UNAUDITED)
(\$ in Thousands)

	2014	2015	2016	2017	2018
Consolidated Revenues					
Tradeport	\$ 7,631	\$ 7,826	\$ 8,028	\$ 8,264	\$ 8,361
Ports and Harbors	2,773	2,762	2,474	2,495	2,702
Golf Course	1,621	2,197	2,420	2,472	2,693
Aviation	1,173	1,117	1,237	1,237	1,267
Total	\$ 13,198	\$ 13,902	\$ 14,159	\$ 14,468	\$ 15,023

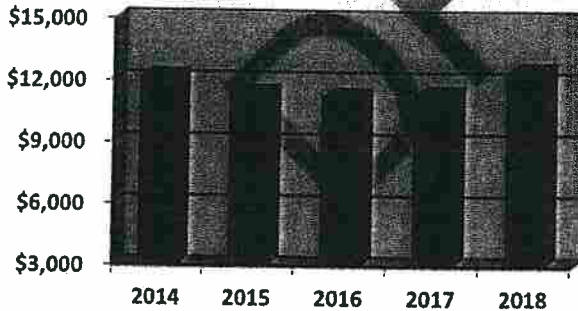
UNRESTRICTED CASH AND CASH EQUIVALENTS



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

June 30	Amount
2014	\$ 4,307
2015	3,345
2016	465
2017	349
2018	233

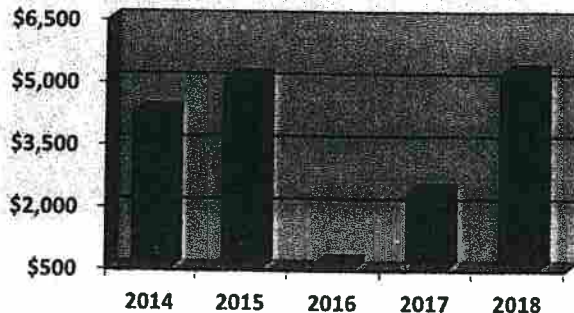
OPERATING EXPENSES (EXCLUDING DEPRECIATION)



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

June 30	Amount
2014	\$ 153,811
2015	159,556
2016	161,023
2017	164,071
2018	170,624

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
2014	\$ 40
2015	2,748
2016	4,221
2017	3,382
2018	3,189



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Pease Development Authority (PDA), a component unit of the State of New Hampshire, as of and for the years ended June 30, 2018 and 2017, 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, 2018 and 2017, 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.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis on pages 5 to 15 and the required supplementary information on pages 45 to 50 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 on page 2 is presented for the purpose of additional analysis and is not a required part of the financial statements. The financial highlights section has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Change in Accounting Principle

As discussed in Note 3 to the basic financial statements in 2018, PDA adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. 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 REPORT DATE 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 solely 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 the effectiveness of PDA's 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
REPORT DATE

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

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

This report identifies the Pease Development Authority's ("PDA") financial position and describes PDA's financial activities over the past three fiscal years. This section of PDA's annual financial report is known as "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" ("MD&A") and presents our discussion and analysis of PDA's consolidated financial performance during the fiscal years ended June 30, 2018, 2017 and 2016.

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

Overview of the Financial Statements

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

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

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

The statements of revenues, expenses and changes in net position report total operating revenues, operating expenses, nonoperating income (expense), contributed capital and the change in net position for the years ended June 30, 2018 and 2017.

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.

Change in Accounting Principle

As disclosed in Note 3 to the basic financial statements, in 2018 PDA adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The changes made to the basic financial statements to comply with the new accounting standards have been reported as an adjustment as of the beginning of the year ended June 30, 2018. 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, 2017, 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 standard as of the beginning of the year ended June 30, 2018 was an increase in long-term liabilities of \$10,083,117, an increase in deferred outflows of resources of \$222,092 and a decrease in unrestricted net position of \$9,861,025.

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

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

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 2018 to 2017

Changes in Current Assets

(\$ in Thousands)				
	June 30, 2018	June 30, 2017	\$ Increase (Decrease)	% Increase (Decrease)
Cash and Cash Equivalents	\$ 6,134	\$ 4,032	\$ 2,102	52.1
Accounts Receivable - Net	2,058	1,324	734	55.4
Other Current Assets	<u>500</u>	<u>536</u>	<u>(36)</u>	<u>(6.7)</u>
Total Current Assets	\$ <u>8,692</u>	\$ <u>5,892</u>	\$ <u>2,800</u>	<u>47.5</u>

PDA's current assets increased by \$2.8 million or 47.5% primarily due to the increases in cash and cash equivalents as well as accounts receivable associated with grant related capital projects. The primary reason for the increase in cash and cash equivalents was associated with reduced non-grant related construction activities as well as an increase in accounts payable and accrued expenses at year-end. Receivables for grant related capital projects were reflective of fiscal year end construction activities primarily in support of the planned terminal expansion at Portsmouth International Airport (PSM). Accounts receivable included an allowance for doubtful accounts of approximately 0.2% and 0.4% of total accounts receivable at June 30, 2018 and 2017, respectively.

Comparison of 2017 to 2016

Changes in Current Assets

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

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

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

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

Restricted Assets

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

Comparison of 2018 to 2017

Changes in Restricted Assets

(\$ in Thousands)				
	June 30, 2018	June 30, 2017	\$ Increase (Decrease)	% Increase (Decrease)
Cash and Cash Equivalents	\$ 489	\$ 695	\$ (206)	(29.6)
Revolving Loan Fishery Fund Receivable	1,151	1,073	78	7.3
Accounts Receivable Other - Net	2	4	(2)	(50.0)
Total Restricted Assets	\$ 1,642	\$ 1,772	\$ (130)	(7.3)

Total restricted assets decreased by approximately \$0.1 million or 7.3% primarily due to the decrease in cash and cash equivalents. The primary reason for this decrease was associated with the authorized funding provided by the Harbor Dredging and Pier Maintenance Fund to support various repairs and renovations associated with the Department of Ports and Harbors (DPH) operations at the Hampton Harbor, Rye Harbor and or the Portsmouth Fish Pier. Total assets associated with the Revolving Loan Fishery Fund had a composite valuation of approximately \$1.2 million at June 30, 2018 and 2017. There were 26 individual loans outstanding at June 30, 2018 and 27 individual loans outstanding at June 30, 2017.

Comparison of 2017 to 2016

Changes in Restricted Assets

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

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

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

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 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 2018 to 2017

Changes in Capital Assets

(\$ in Thousands)				
	June 30, 2018	June 30, 2017	\$ Increase (Decrease)	% Increase (Decrease)
Land	\$ 7,521	\$ 7,521	\$ -	-
Facilities Improvements	146,365	141,327	5,038	3.6
Equipment	14,710	13,919	791	5.7
Construction in Process	2,027	1,304	723	55.4
Gross Capital Assets	170,623	164,071	6,552	4.0
Accumulated Depreciation	(103,567)	(98,400)	5,167	5.3
Total Capital Assets	\$ 67,056	\$ 65,671	\$ 1,385	2.1

PDA's capital acquisitions totaled approximately \$7.3 million in 2018 primarily in support of either federal or state funded projects. The more significant capital projects included runway reconstruction activities at PSM and DAW as well as the planned terminal expansion at PSM. Additional funds were expended in support of various infrastructure improvements at both the DAW and the Pease Tradeport. Approximately \$6.3 million of the total capital expenditures were associated with either federal or state funded projects.

Comparison of 2017 to 2016

Changes in Capital Assets

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

PDA's capital acquisitions totaled approximately \$3.1 million in 2017 primarily in support of either federal or state funded projects. The more significant capital projects included runway reconstruction activities at PSM and DAW. Additional funds were expended in support of various infrastructure improvements at PSM and the Pease Tradeport. Approximately \$2.4 million of the total capital expenditures were associated with either federal or state funded projects.

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

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

Long-Term Liabilities

Monies have been borrowed for capital improvements from local financial and municipal institutions.

Comparison of 2018 to 2017

Changes in Long-Term Liabilities

(\$ in Thousands)				
	June 30, 2018	June 30, 2017	\$ Increase (Decrease)	% Increase (Decrease)
Net Pension Liability	\$ 4,986	\$ 5,490	\$ (504)	(9.2)
City of Portsmouth- Waste Water Treatment Facility	116	233	(117)	(50.2)
Department of Army	252	252	-	-
Compensated Absences	96	105	(9)	(8.6)
Other Postemployment Benefits	8,239	-	8,239	100.0
Retiree Health Benefit Program	364	-	364	100.0
Total Long-Term Liabilities	\$ 14,053	\$ 6,080	\$ 7,973	131.1

The PDA increased its total noncurrent liabilities outstanding during the fiscal year by approximately \$8.0 million or 131%. The primary reason for the increase is the liability associated with the adoption of GASB Statement No 75 on postemployment benefits as a cumulative effect adjustment as of July 1, 2017. The more significant decrease was associated with the change in the net pension liability, which reflected the overall 13.50% investment performance return which was greater than the targeted performance benchmark of 7.25%. During the fiscal year, a total of \$0.1 million of total long-term debt was retired as associated with the PDA's outstanding obligation to the City of Portsmouth. At the end of the 2018 fiscal year, PDA's overall cost of capital was 4.5%.

Comparison of 2017 to 2016

Changes in Long-Term Liabilities

(\$ in Thousands)				
	June 30, 2017	June 30, 2016	\$ Increase (Decrease)	% Increase (Decrease)
Net Pension Liability	\$ 5,490	\$ 4,256	\$ 1,234	29.0
City of Portsmouth- Waste Water Treatment Facility	233	349	(116)	(33.2)
Department of Army	252	252	-	-
Compensated Absences	105	109	(4)	(3.7)
Total Long-Term Liabilities	\$ 6,080	\$ 4,966	\$ 1,114	22.4

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

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

Long-Term Liabilities (concluded)

Comparison of 2017 to 2016 (concluded)

The PDA increased its total noncurrent liabilities outstanding during the fiscal year by approximately \$1.1 million or 22.4%. The more significant increase was associated with the change in the net pension liability, which reflected the overall investment performance which was less than the targeted performance benchmark. During the fiscal year, a total of \$0.1 million of total long-term debt was retired as associated with the PDA's outstanding obligation to the City of Portsmouth. At the end of the 2017 fiscal year, PDA's overall cost of capital was 4.5%.

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 2018 to 2017

Statements of Net Position

(\$ in Thousands)

	June 30, 2018	June 30, 2017	\$ Increase (Decrease)	% Increase (Decrease)
Current Assets	\$ 2,692	\$ 5,892	\$ 2,800	47.5
Restricted Assets	1,642	1,772	(130)	(7.3)
Capital Assets	67,056	65,671	1,385	2.1
Total Assets	73,390	73,335	4,055	5.5
Deferred Outflows of Resources	1,753	1,722	31	1.2
Current Liabilities	4,904	3,168	1,736	54.8
Noncurrent Liabilities	14,053	6,080	7,973	131.1
Total Liabilities	18,957	9,248	9,710	105.0
Deferred Inflows of Resources	2,612	209	2,403	1150.0
Net Investment in Capital Assets	64,400	64,435	(35)	(0.1)
Restricted Net Position	1,388	1,517	(129)	(8.5)
Unrestricted Net Position	(8,213)	(352)	7,861	2233.2
Total Net Position	\$ 57,575	\$ 65,600	\$ (8,025)	(12.2)

PDA's total assets increased \$4.1 million or 5.5% primarily due to the increase in current assets, which was attributable to the increase in cash and cash equivalents. Restricted assets are primarily represented by the Revolving Loan Fishery Fund, which had an approximate value of \$1.2 million at June 30, 2018 and 2017.

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

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

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

Net Position (continued)

Comparison of 2018 to 2017 (concluded)

PDA's total liabilities increased by \$9.7 million or 105% primarily due to the implementation of GASB 75, which required recording other postemployment benefits liabilities at year end.

PDA's net position decreased by \$8.0 million or 12.2%. This decrease is primarily due to the recording of the other postemployment benefits liability as of July 1, 2017.

Comparison of 2017 to 2016

Statements of Net Position

(\$ in Thousands)

	June 30 2017	June 30 2016	\$ Increase (Decrease)	% Increase (Decrease)
Current Assets	\$ 5,992	\$ 2,769	\$ 3,123	112.8
Restricted Assets	272	1,690	82	4.9
Capital Assets	65,671	68,588	(2,917)	(4.3)
Total Assets	73,335	73,047	288	0.4
Deferred Outflows of Resources	1,722	776	946	122.0
Current Liabilities	3,338	2,595	573	22.1
Noncurrent Liabilities	5,080	4,966	1,114	22.4
Total Liabilities	9,248	7,561	1,687	22.3
Deferred Inflows of Resources	209	207	2	1.0
Net Investment in Capital Assets	4,435	67,845	(3,410)	(5.0)
Restricted Net Position	1,517	1,421	96	6.8
Unrestricted Net Position	(352)	(3,211)	2,859	89.0
Total Net Position	\$ 65,600	\$ 66,055	\$ (455)	(0.7)

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

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

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

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

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

Net Position (concluded)

Comparison of 2017 to 2016 (concluded)

PDA's net position decreased by \$455 thousand or 1.0%. This decrease is primarily due to the \$3.4 million reduction in Net Investment in Capital Assets which was partially offset by the \$2.9 million improvement in PDA's Unrestricted Net Position.

Change in Net Position

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

Comparison of 2018 to 2017

Statements of Changes in Net Position

(\$ in Thousands)		June 30, 2018	June 30, 2017	\$ Increase (Decrease)	% Increase (Decrease)
Operating Revenue					
Rental of Facilities		9,468	9,588	\$ (120)	(1.3)
Fee Revenues		3,372	3,040	287	9.4
Fuel Sales		638	684	154	22.5
Concession and Other Miscellaneous		1,390	1,156	234	20.2
Total Operating Revenues		<u>15,023</u>	<u>14,468</u>	<u>555</u>	<u>3.8</u>
Operating Expenses					
Personnel Services and Benefits		7,502	6,894	608	8.8
Depreciation		5,836	5,965	(129)	(2.2)
Building and Facilities Maintenance		1,623	1,379	244	17.7
General and Administrative		834	729	105	14.4
Other		2,617	2,333	284	12.2
Total Operating Expenses		<u>18,412</u>	<u>17,300</u>	<u>1,112</u>	<u>6.4</u>
Operating Loss		<u>(3,389)</u>	<u>(2,832)</u>	<u>(557)</u>	<u>(19.7)</u>
Nonoperating Income (Expense)					
Loss on Disposition of Assets		(29)	-	(29)	(100.0)
Interest Expense		(13)	(18)	5	(27.8)
Interest Income		23	7	16	228.6
Total Non-operating Expense		<u>(19)</u>	<u>(11)</u>	<u>(8)</u>	<u>72.7</u>
Loss Before Contributed Capital		<u>(3,408)</u>	<u>(2,843)</u>	<u>(565)</u>	<u>(19.9)</u>
Contributed Capital		5,244	2,388	2,856	119.6
Change in Net Position		<u>\$ 1,836</u>	<u>\$ (455)</u>	<u>\$ 2,291</u>	<u>503.5</u>

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

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

Change in Net Position (continued)

Comparison of 2018 to 2017 (concluded)

Total operating revenues increased by \$0.6 million or 3.8% primarily due to increases in fee revenues which consist of golf course operations and concession revenues associated with the Grill 28 restaurant. To a lesser extent the increases in fuel sales at the PDA-DPH of 22.5% also contributed to the overall escalation in revenue streams.

Total operating expenses increased by approximately \$1.1 million primarily due to the escalation in employee benefits and building and facilities maintenance costs. The current year employee benefit costs increase was primarily related to the recognition of retiree benefit health care costs which were partially offset by lower pension expenses.

Net non-operating expense increased by approximately \$8 thousand due to the loss on disposition of retired capital assets. To a lesser extent, these costs were offset by interest income earned on cash and cash equivalents. The ongoing reduction in interest expenses is reflective of PDA's ability to internally fund capital project related activities.

The increase in contributed capital of \$2.9 million reflects increased grant related construction projects at PSM and DAW. During the year ended June 30, 2018, a total of \$7.3 million was spent on the purchase of capital assets of which approximately \$6.3 million were either grant funded or supported by the State for purposes of PDA-DPH.

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

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

Change in Net Position (continued)

Comparison of 2017 to 2016

Statements of Changes in Net Position

(\$ in Thousands)	June 30, 2017	June 30, 2016	\$ Increase (Decrease)	% Increase (Decrease)
Operating Revenue				
Rental of Facilities	\$ 9,588	\$ 9,488	\$ 100	1.1
Fee Revenues	3,040	2,942	98	3.3
Fuel Sales	684	766	(82)	(10.7)
Concession and Other Miscellaneous	1,156	963	193	20.0
Total Operating Revenues	14,468	14,159	309	2.2
Operating Expenses				
Personnel Services and Benefits	6,894	6,631	263	4.0
Depreciation	965	6,111	(146)	(2.4)
Building and Facilities Maintenance	1,579	1,512	(133)	(8.8)
General and Administrative	729	750	(21)	(2.8)
Other	2,333	2,273	60	2.6
Total Operating Expenses	17,500	17,277	23	0.1
Operating Loss	(2,832)	(3,118)	286	9.2
Nonoperating Income (Expense)				
Interest Expense	(18)	(39)	21	(53.8)
Interest Income	7	3	4	133.3
Total Non-operating Expense	(11)	(36)	25	(69.4)
Loss Before Contributed Capital	(2,843)	(3,154)	311	9.9
Contributed Capital	2,388	671	1,717	255.9
Change in Net Position	\$ (455)	\$ (2,483)	\$ 2,028	81.7

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

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

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

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

Change in Net Position (concluded)

Comparison of 2017 to 2016 (concluded)

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

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

There are currently no known facts, decisions, or conditions that are expected to have a significant effect on the net position or the results of operations.

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 Muller, Executive Director, at 55 International Drive Portsmouth, NH 03801 via email d.muller@peasedev.org or by telephone at 603.433.6088. Visit the PDA website at: www.peasedev.org.

Other members of the PDA's Leadership Team include:

Paul Brean
Airport Director

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

Scott DeVito
Golf Course General Manager

Lynn Hinchee
Deputy Director and General Counsel

Captain Geno Marconi
Director- Division of Ports and Harbors

Maria Stowell, P.E.
Engineering Manager

PEASE DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Hampshire)
STATEMENTS OF NET POSITION
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 6,133,688	\$ 4,031,701
Accounts Receivable - Net	2,058,191	1,323,695
Other Current Assets	499,932	536,497
Total Current Assets	<u>8,691,811</u>	<u>5,891,893</u>
Restricted Assets:		
Cash and Cash Equivalents	489,215	695,402
Accounts Receivable - Net	1,153,148	1,076,505
Total Restricted Assets	<u>1,642,363</u>	<u>1,771,907</u>
Capital Assets		
Total Assets	<u>67,056,228</u>	<u>65,671,476</u>
Total Assets	<u>77,390,402</u>	<u>73,335,276</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	597,314	-
Pension	1,155,745	1,722,215
Total Deferred Outflows of Resources	<u>1,753,059</u>	<u>1,722,215</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	1,592,467	1,465,046
Accounts Payable for Capital Assets	2,423,247	887,864
Unearned Revenues	680,991	698,798
Current Portion of Noncurrent Liabilities	207,214	116,290
Total Current Liabilities	<u>4,903,919</u>	<u>3,167,998</u>
Noncurrent Liabilities:		
Other Postemployment Benefits	8,238,717	-
Net Pension Liability	4,986,400	5,489,977
Other Noncurrent Liabilities	827,908	590,302
Total Noncurrent Liabilities	<u>14,053,025</u>	<u>6,080,279</u>
Total Liabilities	<u>18,956,944</u>	<u>9,248,277</u>
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	2,314,460	-
Pension	297,321	209,138
Total Deferred Inflows of Resources	<u>2,611,781</u>	<u>209,138</u>
NET POSITION		
Net Investment in Capital Assets	64,400,401	64,434,742
Restricted For:		
Revolving Loan Fishery Fund	1,197,831	1,182,758
Harbor Dredging and Pier Maintenance	180,031	288,229
Foreign Trade Zone	10,105	46,634
Unrestricted	(8,213,632)	(352,287)
Total Net Position	<u>\$ 57,574,736</u>	<u>\$ 65,600,076</u>

See accompanying notes to financial statements.

PEASE DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Hampshire)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Rental of Facilities	\$ 9,467,725	\$ 9,588,439
Fee Revenues:		
Golf Course Operations	2,018,938	1,886,729
Mooring, Dockage, Pier Usage and Boat Registrations	1,166,502	1,027,021
All Other	142,119	126,555
Total Fee Revenues	<u>3,327,559</u>	<u>3,040,305</u>
Fuel Sales	837,731	683,809
Concession and Other Miscellaneous	1,210,465	1,155,529
Total Operating Revenues	<u>5,283,480</u>	<u>14,468,082</u>
Operating Expenses		
Personnel Services and Benefits	7,502,468	6,894,226
Depreciation	5,836,369	5,965,138
Building and Facilities Maintenance	1,622,793	1,378,872
General and Administrative	833,528	728,596
Professional Services	833,145	701,272
Utilities	713,453	746,627
All Other	1,070,877	885,398
Total Operating Expenses	<u>18,412,633</u>	<u>17,300,129</u>
Operating Loss	<u>(3,389,153)</u>	<u>(2,832,047)</u>
Nonoperating Income (Expense)		
Loss on Disposition of Capital Assets	(28,641)	-
Interest Income	22,905	6,896
Interest Expense	(13,213)	(18,373)
Total Nonoperating Income (Expense)	<u>(18,949)</u>	<u>(11,477)</u>
Loss Before Contributed Capital	(3,408,102)	(2,843,524)
Contributed Capital	5,243,787	2,388,158
Change in Net Position	1,835,685	(455,366)
Net Position at Beginning of Year, as Previously stated	65,600,076	66,055,442
Cumulative Effect of Change in Accounting Principle	(9,861,025)	-
Net Position at Beginning of Year, as Restated	<u>55,739,051</u>	<u>66,055,442</u>
Net Position at End of Year	<u>\$ 57,574,736</u>	<u>\$ 65,600,076</u>

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Cash Received from Customers	\$ 14,327,226	\$ 14,638,122
Cash Payments to Personnel for Services and Benefits	(6,421,372)	(6,604,107)
Cash Payments to Suppliers of Goods and Services	(4,716,448)	(4,651,842)
	3,189,406	3,382,173
Cash Flows From Capital and Related Financing Activities		
Contributed Capital Received	1,527,371	1,601,158
Purchase of Capital Assets	(5,714,379)	(2,438,949)
Interest Paid on Capital Debt	(18,213)	(18,373)
Repayment of Long-Term Liabilities	(116,290)	(116,289)
Net Cash Used by Capital and Related Financing Activities	(1,316,511)	(972,453)
Cash Flows From Investing Activities		
Interest Income Received	22,905	6,896
Increase in Cash and Cash Equivalents	1,895,800	2,416,616
Cash and Cash Equivalents - Beginning of Year	4,727,103	2,310,487
Cash and Cash Equivalents - End of Year	\$ 6,622,903	\$ 4,727,103

See accompanying notes to financial statements.

PEASE DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Hampshire)
STATEMENTS OF CASH FLOWS (CONCLUDED)
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating Loss	\$ (3,389,153)	\$ (2,832,047)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	5,836,369	5,965,138
Change in Allowance for Doubtful Accounts	1,500	(2,000)
Compensated Absences- Net	(9,800)	(3,668)
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Accounts Receivable	(96,223)	70,261
Other Assets	36,565	(69,265)
Deferred Outflows of Resources - OPEB	(390,000)	-
Deferred Outflows of Resources - Pension	566,470	(945,866)
Accounts Payable and Accrued Expenses	127,422	(138,144)
Unearned Revenues	(17,807)	101,779
Retiree Health Benefit Program	454,619	-
Other Postemployment Benefits (OPEB)	(1,844,400)	-
Net Pension Liability	(503,577)	1,233,986
Deferred Inflows of Resources - OPEB	2,329,238	-
Deferred Inflows of Resources - Pension	88,183	1,999
Net Cash Provided by Operating Activities	<u>\$ 3,189,406</u>	<u>\$ 3,382,173</u>
Reconciliation of Noncash Activity:		
Acquisition of Capital Assets	\$ 7,250,912	\$ 3,057,777
Less: Accounts Payable and Accrued Expenses as of End of Year	(2,423,247)	(887,864)
Transfer of Capitalized Project to Expense	(1,150)	(9,450)
Add: Payments on Short-Term Trade Accounts to Finance Acquisitions of Capital Assets	887,864	278,486
Payments for the Acquisition of Capital Assets	<u>\$ 5,714,379</u>	<u>\$ 2,438,949</u>
Contributed Capital Income	\$ 5,243,787	\$ 2,388,158
Less: Accounts Receivable as of End of Year	(1,503,416)	(787,000)
Add: Accounts Receivable as of Prior Year End	787,000	-
Contributed Capital Received	<u>\$ 4,527,371</u>	<u>\$ 1,601,158</u>

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

1. Reporting Entity

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017

1. Reporting Entity (concluded)

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

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Cash and Cash Equivalents

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

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

Accounts Receivable

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

Capital Assets

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Compensated Absences

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

Unearned Revenues

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

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System ("NHRS") and additions to/deductions from the NHRS's fiduciary net position has been determined on the same basis as it is reported by the NHRS.

Other Postemployment Benefits

For the purposes of measuring the net liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits (OPEB), and OPEB expense, information about the fiduciary net position of the NHRS OPEB Plan and the State of New Hampshire OPEB Plan ("the State OPEB Plan") have been determined on the same basis as they are reported by NHRS and the State OPEB Plan.

Net Position

Net position is presented in the following categories:

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

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017**

2. Summary of Significant Accounting Policies (concluded)

Revenue Recognition

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

Operating and Nonoperating Income and Expenses

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

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

Contributed Capital and Grants

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

Use of Estimates

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

3. Change in Accounting Principle

During the year ended June 30, 2018, PDA adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The changes made to the basic financial statements to comply with the new accounting standard have been reported as an adjustment as of the beginning of the year ended June 30, 2018. Because it was not practical for PDA to determine the amounts of all deferred inflows of resources and outflows of resources related to the NHRS OPEB Plan and the State OPEB Plan as of June 30, 2016, 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, 2018 was as follows:

	July 1, 2017
Net OPEB Liability as of the measurement date of June 30, 2016	\$ 10,083,117
Contributions made in 2017 after the measurement date included in deferred outflows of resources	(222,092)
Cumulative Effect of Change in Accounting Principle	\$ 9,861,025

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017

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, 2018 and 2017, substantially all of PDA's cash and equivalents were insured by the Federal Deposit Insurance Corporation and the Depositors Insurance Fund.

5. Current Accounts Receivable - Net

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

	2018	2017
Intergovernmental	\$ 1,503,416	\$ 787,000
Tenants	561,275	541,695
Allowance for Doubtful Accounts		(5,000)
	(6,500)	
	\$ 2,058,191	\$ 1,323,695

6. Other Current Assets

Other current assets was represented by the following at June 30:

	2018	2017
Inventories	\$ 354,442	\$ 393,192
Prepaid Insurance	121,230	117,901
All Other	24,260	25,404
	\$ 499,932	\$ 536,497

7. Restricted Cash and Cash Equivalents

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

	2018	2017
Harbor Dredging and Pier Maintenance	\$ 430,682	\$ 537,469
Revolving Loan Fishery Fund	48,428	111,299
Foreign Trade Zone	10,105	46,634
	\$ 489,215	\$ 695,402

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017

8. Restricted Accounts Receivable

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

	2018	2017
Revolving Loan Fishery Fund		
Due Within One Year	\$ 141,695	\$ 131,618
Due in More Than One Year	1,009,853	941,271
Tenants	1,600	3,616
	\$ 1,153,148	\$ 1,076,505

9. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Disposals	Transfers	Balance June 30, 2018
Land	\$ 7,520,786	\$ -	\$ -	\$ -	\$ 7,520,786
Buildings and Facilities Improvements	141,327,870	-	(294,967)	5,333,092	146,365,495
Equipment	13,919,927	-	(402,204)	1,193,804	14,710,627
Construction in Process	1,303,772	7,250,912	-	(6,528,046)	2,026,638
	64,070,955	7,250,912	(697,171)	(1,150)	170,623,546
Less Accumulated Depreciation	(98,399,479)	(5,836,369)	668,530	-	(103,567,318)
	\$ 65,671,476	\$ 1,414,543	\$ (28,641)	\$ (1,150)	\$ 67,056,228

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017

9. Capital Assets (concluded)

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

	<i>Balance July 1, 2016</i>	<i>Additions</i>	<i>Disposals</i>	<i>Transfers</i>	<i>Balance June 30, 2017</i>
Land	\$ 7,520,786	\$ -	\$ -	\$ -	\$ 7,520,786
Buildings and Facilities Improvements	139,271,835	-	-	2,055,535	141,327,370
Equipment	13,695,931	-	-	223,096	13,919,027
Construction in Process	534,076	3,057,777	-	(2,288,081)	1,303,772
	161,022,628	3,057,777	-	(9,450)	164,070,955
Less Accumulated Depreciation	(92,434,341)	(5,365,138)	-	-	(98,399,479)
	\$ 68,588,287	\$ (2,907,361)	\$ -	\$ (9,450)	\$ 65,671,476

10. 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:

	2018	2017
Mooring Permits	\$ 255,999	\$ 248,113
Golf Course Membership Fees	223,609	217,613
All Other	201,383	233,072
	\$ 680,991	\$ 698,798

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017

11. 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, 2018. 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. The proceeds of any draw on the RLOC are to be used for general working capital purposes of PDA. There were no amounts outstanding on this RLOC as of June 30, 2018 and 2017.

12. 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 \$2,457,002 to COP. Annual payments plus interest at 4.464% are payable through 2020. Amounts totaling \$232,580 and \$348,870 were outstanding at June 30, 2018 and 2017, respectively. Debt service requirements at June 30, 2018 are as follows:

Year	Principal	Interest	Total
2019	\$ 116,210	\$ 10,382	\$ 126,672
2020	116,210	5,192	121,482
	\$ 232,580	\$ 15,574	\$ 248,154

13. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due in One Year
Net Pension Liability	\$ 5,489,977	\$ -	\$ (503,577)	\$ 4,986,400	\$ -
City of Portsmouth - Waste Water Treatment Facility	348,870	-	-	348,870	-
Department of Army	252,250	-	-	252,250	-
Compensated Absences- Net	105,472	-	(9,799)	95,673	-
Other Postemployment Benefits	-	10,050,717	(1,812,000)	8,238,717	-
Retiree Health Benefit Program	-	454,619	-	454,619	90,924
	\$ 6,196,569	\$ 10,505,336	\$ (2,441,666)	\$ 14,260,239	\$ 207,214

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017

13. Changes in Long-Term Liabilities (concluded)

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

	<i>Balance June 30, 2016</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30, 2017</i>	<i>Due in One Year</i>
Net Pension Liability	\$ 4,255,991	\$ 1,233,986	\$ -	\$ 5,489,977	\$ -
City of Portsmouth - Waste Water Treatment Facility	465,159	-	(116,289)	348,870	116,290
Department of Army Compensated Absences- Net	252,250	-	-	252,250	-
	109,140	-	(568)	105,472	-
	\$ 5,082,540	\$ 1,233,986	(119,957)	\$ 6,196,569	\$ 116,290

14. Rental of Facilities

PDA has leasing arrangements with various parties for the rental of land, buildings, and airplane hangars. Rentals are generally based upon set rental fees with additional payments based upon gallons of fuel sold or dispensed, ramp parking fees per aircraft, and concession fees based upon a stated percentage of car rentals. Lease arrangements are primarily for periods ranging from one to forty-two 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, 2018, the projected minimum future revenue from noncancelable rental agreements is approximately:

<i>Year</i>	<i>Amount</i>
2019	\$ 9,307,000
2020	8,568,000
2021	8,069,000
2022	7,297,000
2023	6,402,000
Thereafter	71,868,000
	\$ 111,511,000

15. Municipal Service Fees

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017

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

17. Risk Management

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

PDA has a comprehensive airport liability insurance policy that will provide coverage generally up to \$25,000,000 for each occurrence and in the aggregate in any one annual period of insurance. Other insurance coverage includes automotive, crime, employment practices, fire, general liability, pollution, theft, and workers' compensation. There have been no significant changes in insurance coverage during the past fiscal year. Settlements did not exceed coverage amounts during fiscal years 2018 and 2017.

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.

18. Defined Benefit Pension Plan

Plan Description

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017

18. Defined Benefit Pension Plan (continued)

Plan Description (concluded)

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

Contributions Required and Made

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

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

For the years ended June 30, 2018 and 2017, contributions to NHRS were \$452,516 and \$413,003, respectively.

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

At June 30, 2018, PDA reported a liability of \$4,986,400 for its proportionate share of the net pension liability. The net pension liability is based on an actuarial valuation performed as of June 30, 2016 and a measurement date of June 30, 2017. The net pension liability was rolled forward from June 30, 2016 to June 30, 2017. 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, 2017, PDA's proportion of the net pension liability was 0.1014%.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017

18. Defined Benefit Pension Plan (continued)

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

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

For the years ended June 30, 2018 and 2017, PDA recognized pension expense of \$603,592 and \$703,122, respectively.

At June 30, 2018, 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 project and actual investment earnings on pension plan investments	\$ -	\$ 63,504
Changes in assumptions	500,700	-
Differences between expected and actual experience	11,306	63,463
Changes in proportion and differences between employer contributions and share of contributions	191,223	170,354
Contributions subsequent to the measurement date	452,516	-
	\$ 1,155,745	\$ 297,321

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017**

19. Other Postemployment Benefits – New Hampshire Retirement System (continued)

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

At June 30, 2018, PDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between project and actual investment earnings on OPEB plan investments	\$ -	\$ 1,365
Changes in proportion and differences between employer contributions and share of contributions	-	2,095
Contributions subsequent to the measurement date	41,314	-
	\$ 41,314	\$ 3,460

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 OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Amount
2019	\$ (2,436)
2020	(341)
2021	(341)
2022	(342)
2023	-
	\$ (3,460)

Actuarial Assumptions

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

Actuarial cost method	Entry-Age Normal
Amortization method	Level Percentage-of-Payroll, Closed
Remaining amortization period	Not applicable, under satisfactory funding
Investment Rate of Return	7.25% net of investment expenses, including inflation
Salary Rate Increase	5.60% average, including inflation
Price Inflation	2.50% per year

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017

19. Other Postemployment Benefits – New Hampshire Retirement System (continued)

Actuarial Assumptions (concluded)

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 – June 30, 2015.

Long-Term Rates of Return

The long-term expected rate of return on OPEB 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 presenting target allocations and the geometric real rates of return for each asset class:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Weighted Average Long-Term Expected Real Rate of Return 2017</i>	<i>Weighted Average Long-Term Expected Real Rate of Return 2016</i>
Large Cap Equities	22.50%	4.25%	4.25%
Small/Mid Cap Equities	<u>7.50</u>	4.50	4.50
Total Domestic Equity	<u>30.00</u>		
International Equities (Unhedged)	13.00	4.50	4.75
Emerging International Equities	<u>7.00</u>	6.25	6.25
Total International Equity	<u>20.00</u>		
Core Bonds	5.00	0.75	0.64
Short Duration	2.00	(0.25)	(0.25)
Global Multi-Sector Fixed Income	11.00	2.11	1.71
Absolute Return Fixed Income	<u>7.00</u>	1.26	1.08
Total Fixed Income	<u>25.00</u>		
Private Equity	5.00	6.25	6.25
Private Debt	5.00	4.75	4.75
Opportunistic	<u>5.00</u>	2.84	3.68
	<u>15.00</u>		
Real Estate	<u>10.00</u>	3.25	3.25
	<u>100.00%</u>		

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017**

19. Other Postemployment Benefits – New Hampshire Retirement System (concluded)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made under the current statute by RSA 100-A:16. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity Analysis

The following presents PDA's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what PDA's proportionate share of the OPEB 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PDA's Proportionate Share of the Net OPEB Liability	\$ 470,925	\$ 432,717	\$ 399,613

OPEB Plan Fiduciary Net Position

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

The OPEB 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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2018 and 2017

20. Other Postemployment Benefits – The State of New Hampshire

Plan Description

RSA 21-I:30 specifies that the State provide certain health care benefits for retired employees and their spouses. These benefits include group hospitalization, hospital medical care, surgical care and other medical 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 benefits. During fiscal year 2011, legislation was passed that requires Group II employees to have 20 years of State service to qualify for retiree health benefits. Additionally, during fiscal year 2012, legislation was passed requiring Group I employees hired after July 1, 2011 to have 25 years of state service and increased the normal retirement age for Group I and Group II employees hired after July 1, 2011. These and similar benefits for active employees and retirees are authorized by RSA 21-I:30 and provided through the Employee and Retiree Benefit Risk Management Fund, a single employer group health plan (Plan), which is the state's self-insurance internal service fund implemented in October 2003 for active state employees and retirees. The Plan funds the cost of medical and prescription drug claims by charging actuarially developed working rates to State agencies for participating employees, retirees and eligible spouses. An additional major source of funding for retiree benefits is from the NHRS medical subsidy payment. The State does not issue a separate stand-alone financial report.

Contributions Required and Made

The State Legislature has indicated it currently plans to only partially fund (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, PDA reported a liability of \$7,806,000 for its proportionate share of the State OPEB Plan liability. The OPEB liability is based on an actuarial valuation performed as of December 31, 2016 and a measurement date of June 30, 2017. The OPEB liability was rolled forward from December 31, 2016 to June 30, 2017. PDA's proportion of the OPEB liability was based on a projection of the PDA's long-term share of contributions to the State relative to the projected contributions of all participating employers as actuarially determined. At June 30, 2017, PDA's proportion of the State OPEB Plan's liability was 0.350135%.

For the year ended June 30, 2018, PDA recognized OPEB expense of \$454,619.

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

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) (UNAUDITED)

Schedule of Collective Net Other Postemployment Benefits (OPEB) Liability (STATE OPEB PLAN)

The following information is as of June 30:

	2017	2016
Employer Proportion of the Collective Net OPEB Liability	0.350135%	0.334470%
Employer's Proportionate Share of the Collective Net OPEB Liability	\$ 7,806,000	\$ 9,618,388
Employer's Covered-Employee Payroll	\$X,XXX,XXX	\$X,XXX,XXX
Employer's Proportionate Share of the Collective Net OPEB Liability as a % of the Employer's Covered-Employee Payroll	X.XX%	X.XX%
Plan Fiduciary Net OPEB as a % of the Total OPEB Liability	0.00%	0.00%

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

Schedule of Employer Contributions

The following information is as of June 30:

	2018	2017	2016
Required Employer Contribution	\$ 181,000	\$ 166,000	\$ XXX,XXX
Actual Employer Contributions	\$ 181,000	\$ 166,000	\$ XXX,XXX
Excess / (Deficiency) of Employer Contributions	\$ -	\$ -	\$ -
Employer's Covered Employee Payroll	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX
Employer Contribution as a % of the Employer's Covered-Employee Payroll	X.XX%	X.XX%	X.XX%

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

REQUIRED SUPPLEMENTARY INFORMATION (CONCLUDED) (UNAUDITED)

Notes to the Required Supplementary Information

Valuation Date: December 31, 2016 for determining the Net Pension Liability
December 31, 2016 for determining the Fiscal Year 2016 contributions
December 31, 2016 for determining the Fiscal Year 2017 contributions

Notes: The roll-forward of the total pension liability from December 31, 2016 to June 30, 2017 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

DRAFT

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY

LABORATORY OF ORGANIC CHEMISTRY

REPORT OF RESEARCH

BY
[Name]

ADVISOR
[Name]

DATE
[Date]

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

Reports Required by *Government Auditing
Standards* and Uniform Guidance

Year Ended June 30, 2018

DRAFT

PEASE

INTERNATIONAL

PEASE DEVELOPMENT AUTHORITY

PORTSMOUTH, NH

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

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

Year Ended June 30, 2018

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

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

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pease Development Authority (PDA), a component unit of the State of New Hampshire, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise PDA's basic financial statements, and have issued our report thereon dated REPORT DATE.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Manchester, New Hampshire
REPORT DATE

DRAFT



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

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

Report on Compliance for the Major Federal Program

We have audited Pease Development Authority's (PDA) compliance with the types of compliance requirements described in the *Office of Management and Budget Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2018. 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, 2018.

Report on Internal Control Over Compliance

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

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

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

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

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

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

We have audited the basic financial statements of PDA as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise PDA's basic financial statements. We issued our report thereon dated REPORT DATE, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Manchester, New Hampshire
REPORT DATE

DRAFT

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Commerce:</u>		
Direct:		
Economic Adjustment Assistance:		
01-19-63007	11.307	\$ <u>1,232,120</u>
Total U.S. Department of Commerce		<u>1,232,120</u>
<u>U.S. Department of Homeland Security:</u>		
Direct:		
Port Security Grant Program	97.056	<u>39,632</u>
Total U.S. Department of Homeland Security		<u>39,632</u>
<u>U.S. Department of Transportation:</u>		
Direct:		
Airport Improvement Program:		
3-33-0016-056-2016	20.106	7,104
3-33-0016-058-2017	20.106	435,901
3-33-0016-059-2017	20.106	30,395
3-33-0016-060-2017	20.106	802,788
3-33-0016-061-2017	20.106	313,482
Passed-Through State of New Hampshire:		
New Hampshire Department of Transportation:		
Airport Improvement Program:		
SPG-15-07-2016	20.106	601,942
SPG-15-08-2017	20.106	445,119
SPG-16-04-2014	20.106	41,795
SPG-16-05-2016	20.106	<u>39,571</u>
Total CFDA 20.106 and U.S. Department of Transportation		<u>2,718,097</u>
Total Expenditures of Federal Awards		\$ <u>3,989,849</u>

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

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

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, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a portion of the operations of PDA, it is not intended to, and does not, present the net position, changes in net position or cash flows of PDA.

2. Summary of Significant Accounting Policies

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

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

3. Calculation of Economic Adjustment Assistance Grant Expenditures

Economic Adjustment Assistance grant expenditures reported in the Schedule have been calculated as follows:

Balance of revolving loan fund loans outstanding	\$ 1,151,548
Cash and cash equivalent balances	48,428
Administrative expenses paid out during the fiscal year	<u>32,142</u>
	<u>\$ 1,232,120</u>

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2018

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:
Material weakness(es) identified? ___ yes X 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>
20.106	U.S. Department of Transportation: Airport Improvement Program

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

Auditee qualified as low-risk auditee? ___ yes X no

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2018

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

None noted.

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

None noted.

DRAFT

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2017

NONE

DRAFT

MOTION

Director Allard:

The Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to complete negotiations and to execute a Right of Entry (“ROE”) with Jalbert Leasing, Inc. d/b/a C & J Bus Lines (“C & J”) of Portsmouth, NH substantially for the purpose of parking C & J customer vehicles. The ROE is effective from November 1, 2018 through April 30, 2019 with one six-month option to extend to October 31, 2019, which option is subject to the approval of the Executive Director; substantially in accordance with the draft Right of Entry dated October 3, 2018, attached hereto.

N:\RESOLVES\2018\ROEJalbert 1018.docx

October 3, 2018

Mr. James Jalbert
Jalbert Leasing, Inc. d/b/a C & J Bus Lines
185 Grafton Drive
Portsmouth, NH 03801

Re: Right of Entry for Use of Parking Area
4 Lots-Durham and Hampton Streets, Portsmouth, NH

Dear Mr. Jalbert:

This letter will authorize C & J Bus Lines ("C & J") to use and to enter upon and utilize four parking lots situated on Durham Street and Hampton Street, Portsmouth, New Hampshire as shown on the attached Exhibit A (the "Premises") for the period commencing November 1, 2018 through midnight April 30, 2019 for the purposes of parking C & J customer vehicles on a valet basis only. C & J is also granted a six (6) month option to extend the ROE through October 31, 2019 subject to the approval of the Executive Director of Pease Development Authority ("PDA"). The privileges granted under this Right of Entry will expire at midnight on April 30, 2019, unless extended by C & J's exercise of the option. Please note that this ROE is subject to approval of the PDA Board of Directors which will next meet on October 18, 2018.

This authorization is conditioned upon the following:

1. C & J's agreement herein that any use of the Premises is at its sole risk and that its signature below constitutes its agreement to assume full responsibility for any and all risk of loss or damage to property and injury or death to persons by reason of or incident to its entry or the entry by any of its employees, agents, patrons, or invitees upon the Premises and/or the exercise of any of the authorities granted herein. C & J expressly waives all claims against the Pease Development Authority for any such loss, damage, personal injury or death caused by or occurring as a consequence of C & J's and its employees, agents, patrons, or invitees use of the Premises or the conduct of activities or the performance of responsibilities under this authorization. C & J further agrees to indemnify, save, hold harmless, and defend the Pease Development Authority, its officers, board members, agents and employees, from and against all suits, claims, demands or actions, liabilities, judgements, costs and attorney's fees arising out of or related to C & J's, and its employees, agents, patrons, or invitees use of the Premises or any activities conducted or undertaken in connection with or pursuant to this authorization.

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

3. C & J, and/or any agent of C & J, providing to the Pease Development Authority satisfactory evidence of comprehensive general liability insurance to a limit of not less than Four Million Dollars (\$4,000,000.00) per occurrence, naming the Pease Development Authority as an additional insured; automobile liability insurance in the amount of One Million Dollars (\$1,000,000.00) and evidence of workers compensation coverage to statutory limits.

Each such policy or certificate therefor issued by the insurer shall contain: (i) a provision that no act or omission of any employee, officer or agent of C & J which would otherwise result in forfeiture or reduction of the insurance therein provided shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained; (ii) provide that the insurer shall have no right of subrogation against Pease Development Authority; and (iii) a provision that any liability insurance coverage required to be carried shall be primary and non-contributing with respect to any insurance carried by PDA. It is the intent of C & J that such policies will not be cancelled. Should a policy cancellation occur, PDA will be advised in accordance with policy provisions.

4. C & J's agreement that all vehicles parked at the Premises will be driven to and from the Premises by a valet service provided by C & J at its sole expense and that its patrons will not be allowed to self-park vehicles on the Premises. ***C & J's further agreement to use its best efforts to ensure that vehicles are not left on the Premises in excess of the term limits of this Right of Entry and to assume full responsibility for the removal of vehicle(s) left on the Premises, time being of the essence.***

5. C & J agrees the vehicles may be parked in the areas depicted in Exhibit A. PDA has the right, in its sole discretion, to terminate all of or any portion of the Premises used for vehicle parking as a priority for PDA operations.

6. C & J shall provide snow removal and salting, as necessary, for the Premises during the periods of use provided for under the terms of this Right of Entry. C & J or any contractor of C & J shall also obtain certification by the New Hampshire Department of Environmental Services as a Commercial Salt Applicator. Certification includes the successful completion of the Green SnoPro training program. All personnel employed in snow removal operations shall be familiar with salt reduction measures.

7. C & J shall coordinate the initial snow removal with the Pease Maintenance Department. All snow removal, sanding, and salting shall be at C & J's own cost and expense.

8. PDA shall not be responsible for damages to property or injuries to persons which may arise from or be attributable or incident to the condition or state or repair of the Premises, or the use and occupation thereof, or for damages to the property or injuries to the person of C & J's patrons, officers, agents, servants or employees, or others who may be on the Premises at its invitation.

9. C & J's agreement that C & J's maintenance and management of the Premises shall be done at C & J's own costs and expense.

10. Prior to termination of the Right of Entry, C & J agrees to restore the Premises to the same or better conditions than the Premises were in before C & J's use.

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

13. C & J's agreement to pay a fee for each lot per month for the period of use under this Right of Entry and pro-rated for partial periods broken down as follows:

Lot 1	Durham/Aviation	0.93 acres	\$1,181.57/mo.
Lot 2	47 Durham Street	0.94 acres	\$1,194.27/mo.
Lot 3	Hampton Street South	0.90 acres	\$1,143.45/mo.
Lot 4	Hampton Street North	0.89 acres	<u>\$1,130.75/mo.</u>
	Total		\$4,650.04/mo.

C & J agrees to vacate the premises after receiving 60 days notice by the PDA for Lots 1, 2 and 4. C & J agrees to vacate the premises after receiving 30 days notice by the PDA for Lot 3.

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

Mr. James Jalbert
Jalbert Leasing, Inc. d/b/a C & J Bus Lines
October 3, 2018
Page 4

and roadway services and PDA either has no obligation to provide such services (or ceases to provide such services), the municipal services fee required to be paid under this ROE shall terminate.

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

15. Parking Spaces Adjacent to 47 Durham Street / Lot 2. C & J's agreement that a certain number of parking spaces situated on Lot 2 which are immediately adjacent to 47 Durham Street are being set aside and excluded in the ROE and leased to the tenant at 47 Durham Street (see Exhibit A, Lot 2). In the event the number of parking spaces for the 47 Durham Street tenant is increased or decreased, the fee assessed for the use of Lot 2 will be decreased or increased accordingly.

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

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

Very truly yours,

David R. Mullen
Executive Director

Agreed and accepted this _____ day of _____, 2018

Jalbert Leasing, Inc. d/b/a C & J Bus Lines

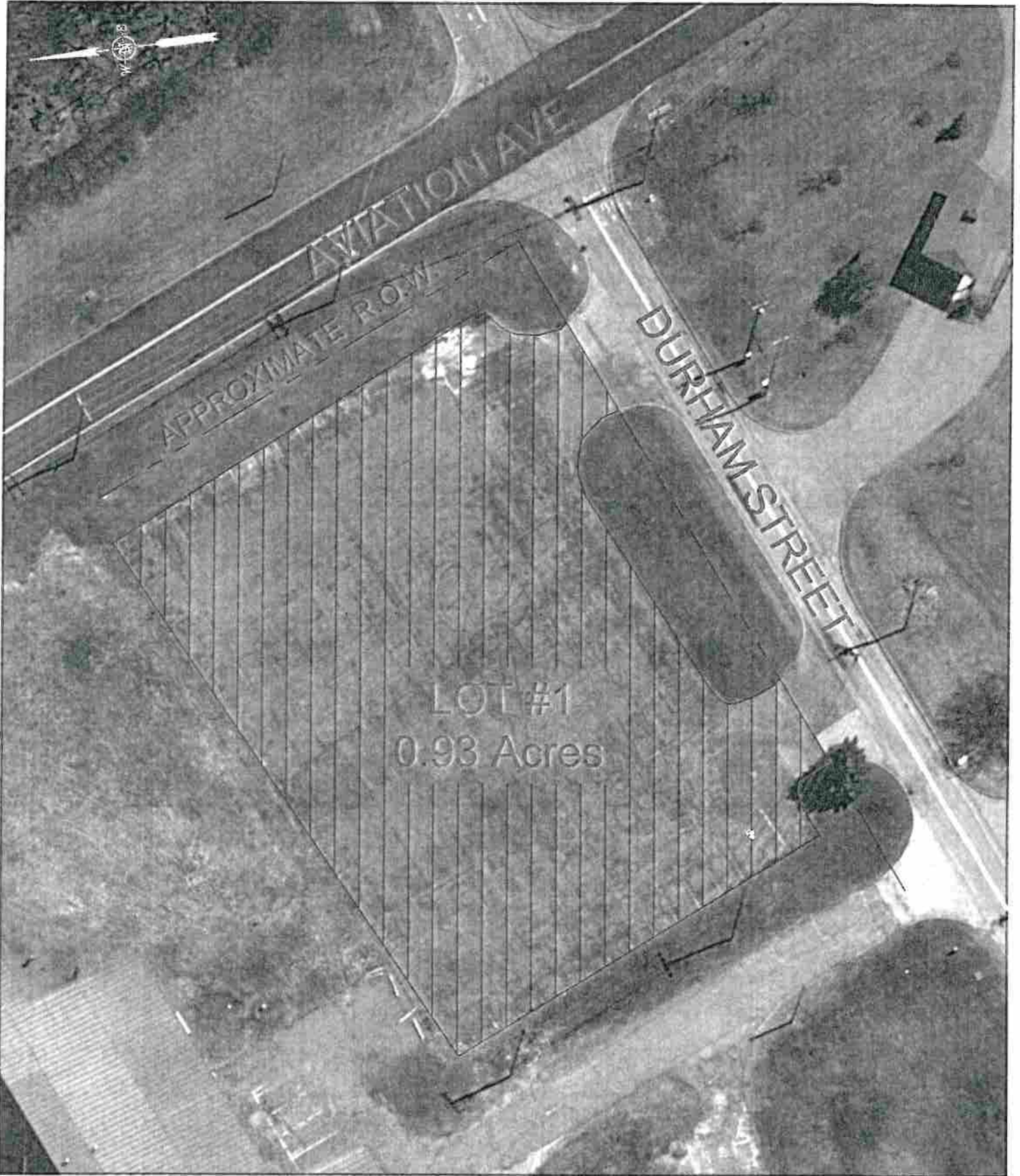
By: _____
duly authorized

Mr. James Jalbert
Jalbert Leasing, Inc. d/b/a C & J Bus Lines
October 3, 2018
Page 5

EXHIBIT A

PREMISES

DRAFT



C&J Trailways Satellite Parking at 42 Durham Street

DESIGNED BY: MRM

DATE: 11/9/17

SCALE: 1"=50'



Satellite Parking for C&J

DESIGNED BY: MRM

DATE: 10/10/18

SCALE: 1"=60'±



PEASE DEVELOPMENT AUTHORITY

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801



Satellite Parking for C&J


DESIGNED BY: MRM

DATE: 11/9/17

SCALE: 1"=100'

MEMORANDUM

To: Pease Development Authority Board of Directors

From: David R. Mullen, Executive Director 

Date: October 18, 2018

Re: Sublease between 75 New Hampshire, LLC and MMG Insurance

In accordance with the "Delegation to Executive Director: Consent, Approval of Sub-sublease Agreements" adopted by the Board on August 8, 1996, I am pleased to report that PDA has approved of a sublease between 75 New Hampshire, LLC ("75NHLLC") and MMG Insurance ("MMG") for 5,000 square feet at 85 New Hampshire Avenue for a period of ten years with one five (5) year option to extend. MMG will use the subleased premises for general office use.

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

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

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

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

The Delegation to Executive Director: Consent, Approval of 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 *DM*
Date: October 18, 2018
Re: Sublease between Two International Group, LLC and Nvest Financial Group, 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 at 2 International Drive between Two International Group, LLC ("TIG") and Nvest Financial Group, LLC ("Nvest"). The Sublease for 2,948 square feet is for a term of 10 years effective after the issuance of a Certificate of Occupancy. The Subleased Premises will be used for general business offices 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 Lease;
3. The original Lessee remains primarily liable to Lessor to pay rent and to perform all other obligations to be performed by Lessee under the original Lease; and
4. The proposed Sublessee is financially and operationally responsible.

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

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

MEMORANDUM

To: Pease Development Authority Board of Directors
From: David R. Mullen, Executive Director *DM*
Date: October 18, 2018
Re: Sublease between 100 International, LLC and Law Office of William A. Trafidlo, P.L.L.C.

In accordance with the "Delegation to Executive Director: Consent, Approval of 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 Law Office of William A. Trafidlo, P.L.L.C., to lease 1,132 square feet (Suite 358) with a lease term of five years commencing November 1, 2018. The subleased premises will be used for professional 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.

MEMORANDUM

To: Pease Development Authority Board of Directors

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

Date: October 10, 2018

Re: International Association of Privacy Professionals – 75 Rochester Avenue

International Association of Privacy Professionals (“IAPP”) has been a tenant at 75 Rochester Avenue since January 1, 2011. IAPP serves as a resource for professionals who want to develop and advance their careers by helping their organizations successfully manage data breach risks and protect their data. IAPP’s website states it is the world’s largest and most comprehensive global information privacy community.

The facility at 75 Rochester Avenue, consisting of 55,064 square feet, was originally used by the US Air Force as an aircraft maintenance shop which included space for corrosion control work, a paint shop and a photographic lab. In the early 1990’s, the facility was rehabilitated with a US Department of Commerce Economic Development Administration grant. At the completion of the work, four separate units were created and leased out to different entities.

Initially, IAPP only occupied Unit 4 and shortly thereafter expanded and moved into Unit 3. In June 2016, IAPP and PDA entered into an extension of its Lease to Units 3 and 4 with options to lease Units 1 and 2. Over time, IAPP has grown prodigiously and has correspondingly expanded its operations. At this time, I am pleased to advise the Board that IAPP has exercised its final option for Unit 1 and that the facility is now fully occupied by this one entity. IAPP’s Lease with PDA is for a period of 10 years and includes an option to extend for an additional 10 year period.

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MOTION


Director Torr:

The Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to complete negotiations with Thermo Fisher Scientific, Inc. ("Fisher") and to execute a lease extension for the premises located at 23 Hampton Street (Hangar 215); substantially in accordance with the memorandum from David R. Mullen, Executive Director, dated October 10, 2018 and attached hereto.

N:\RESOLVES\2018\Lease-FisherExt 1018.docx

MEMORANDUM

To: Pease Development Authority Board of Directors

From: David R. Mullen, Executive Director 

Date: October 10, 2018

Re: Thermo Fisher Scientific, Inc./Lease Extension 23 Hampton Street (Hangar 215)

Thermo Fisher Scientific, Inc. ("Fisher") has been a long term tenant at the Airport and has occupied Hangar 215 since September of 1997. Hangar 215 is located in the general aviation area of the Airport and contains 28,400 square feet of hangar and office space. Recently, Fisher requested that its lease for Hangar 215 be extended for an additional five years from November 15, 2018 through November 14, 2023. The current Building Area Rent for the hangar is \$4.828 per square foot. Going forward, Fisher has agreed to an increase in its rent based upon a CPI adjustment measured from November 2013 when the last adjustment occurred. The adjusted rate will remain the same for the entire five year renewal term and be set at the issuance of the lease amendment.

At the October 18, 2018 meeting of the Board, I will be seeking Board authority to enter into a five year lease extension with Fisher, all otherwise upon the terms and conditions set forth in this memorandum and the draft of Lease Amendment No. 5 attached hereto.

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LEASE AMENDMENT NO. 5

LESSOR: Pease Development Authority ("PDA" or "Lessor")
LESSEE: Thermo Fisher Scientific, Inc.
f/k/a Fisher Scientific International, Inc. ("Fisher" or "Lessee")
PREMISES: 23 Hampton Street, Portsmouth, NH a/k/a Building 215
LEASE DATE: September 15, 1997

WHEREAS, Lessor and Lessee entered into a Lease for Building 215 which was made effective September 15, 1997,

WHEREAS, by Amendment No. 4, Lessee requested it be granted a straight five (5) year Lease extension commencing November 15, 2013 and continuing through November 14, 2018 and Lessor agreed to the same;

WHEREAS, Lessee has requested to extend the Lease for an additional five (5) years through November 14, 2023;

NOW THEREFORE, Lessor and Lessee agree to amend and extend the Lease pursuant to the following terms and conditions:

1. The Lease is extended for an additional five (5) years and will expire on November 14, 2023;

2. Section 4.1 of Article 4 of Amendment No 4 is deleted in its entirety and replaced with the following:

"4.1 Lessee shall pay to Lessor Building Area Rent at the following annual rates for the areas of the Leased Premises described in Section 1.1:

Extension Term - 11/15/18 - 11/14/23

\$4.828 per sq. ft. NNN plus a 5 year CPI adjustment measured from November 2013 (\$TBD per month/\$TBD per annum)"

3. Section 10 of Exhibit D "Lease Provisions Required by the Federal Aviation Administration is amended to read as follows:

This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between the Lessor and the United States, relative to the development, operation or maintenance of the airport including, but not limited to, Federal Airport Improvement

Project Grant Assurances as the same are deemed applicable to this Lease agreement.

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

DRAFT

EXECUTION

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease Amendment No. 5 made effective November __, 2018.

PEASE DEVELOPMENT AUTHORITY

By: _____
David R. Mullen
Executive Director

THERMO FISHER SCIENTIFIC, INC.

By: _____
Print Name: _____
Its: _____

STATE OF NEW HAMPSHIRE
COUNTY OF ROCKINGHAM

On this ___ day of _____, 2018, before me, _____, a Notary Public 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
My Commission Expires: _____

STATE OF _____
COUNTY OF _____

On this ___ day of _____, 2018, before me, _____, a Notary Public 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 Thermo Fisher Scientific, Inc. and on oath stated that s/he was authorized to execute this instrument and acknowledged it to be her/his free and voluntary act for the uses and purposes set forth herein.

Notary Public
My Commission Expires: _____


MOTION

Director Levesque:

The Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to execute Amendment No. 5 to the Terminal Lease and Airfield Operating Agreement with Allegiant Air, LLC ("Allegiant") for the premises located at 42 Aviation Avenue; substantially in accordance with the memorandum from Paul E. Brean, Airport Director, dated October 10, 2018 and attached hereto.

N:\RESOLVES\2018\Lease-Allegiant 1018.docx

Memorandum

To: David R. Mullen, Executive Director 
From: Paul E. Brean, Airport Director
Date: 10/10/18
Subj: Allegiant Air, LLC

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

Allegiant’s existing agreement with PDA is set to expire on November 7, 2018. At this time, Allegiant has indicated that it will continue to provide service and to increase frequency to Sanford-Orlando and Punta Gorda. Additionally, it is anticipated that Allegiant will offer seasonal service to Myrtle Beach.

At the October 18, 2018 meeting of the Board, please request approval to enter into Amendment No. 5 to the Terminal Lease and Airfield Operating Agreement upon substantially similar terms and conditions set forth in the attached draft of Amendment No. 5.

TERMINAL LEASE & AIRFIELD OPERATING AGREEMENT
AMENDMENT NO. 5

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

Lessee: Allegiant Air, LLC (“Lessee”)

Premises: Airport Terminal Building, 42 Airline Avenue
Portsmouth International Airport at Pease (“PSM”)
Portsmouth, New Hampshire

Lease Date: October 25, 2013

This Amendment No. 5 to the Terminal Lease and Airfield Operating Agreement (the “Agreement”) effective November 8, 2018 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, 2019 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.) The second full paragraph of Section 1:1. is deleted and replaced with the following language:

“The parties acknowledge and agree that, from time to time during the term of this Lease, it may become necessary to reassign, reallocate, or relocate part or all of the Leased Premises. With the exception of any relocation necessitated by the planned expansion of the Terminal Building, if in the short term PDA makes decisions regarding such reassignment, reallocation or relocation within the existing Terminal, Lessee shall not be required to: (1) incur any direct expense to relocate its operation to another premises that it does not agree to incur; (2) accept an alternate premises not reasonably adequate based on conditions at the Airport; or (3) pay at its new location rental rates in excess of that amount it would have been required to pay in its original premises. Such new location shall be no less prominent or convenient to the public than the facilities specified in this Agreement.”

- b.) Article 3, Section 3.1 is amended to extend the Agreement through November 7, 2019.

c.) Article 4 is amended to include the following paragraph:

14.16. Fuel Flowage Fee. Lessor imposes a Fuel Flowage Fee of \$0.02 per gallon. The Fuel Flowage Fee is payable in arrears on a monthly basis which fee is typically paid by or through an authorized ground handler. Lessor reserves the right to increase the Fuel Flowage Fee from time to time as may be required and necessary. Lessor agrees to provide Lessee with 60 days advance written notice of any such increase.

d.) Article 4.A.1., entitled "Lessee's Service Obligations" is deleted in its entirety and replaced with the following language:

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

e.) 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.

[Signature and Jurat page follows]

IN WITNESS WHEREOF, Lessor and Lessee have executed this Amendment No. 5 on _____, 2018.

Lessee: ALLEGIANT AIR, LLC

By: _____

Print Name: _____

Its: _____

Lessor: PEASE DEVELOPMENT AUTHORITY

By: _____

Print Name: David R. Mullen

Its: Executive Director

STATE OF NEVADA
COUNTY OF CLARK

On this ____ day of _____, 2018, before me, _____, the undersigned officer in and for said County and State, personally appeared _____, known to me (or proved to me on the basis of satisfactory evidence) to be the _____ of Allegiant Air, LLC, and on oath stated that he was authorized to execute this instrument and acknowledged it to be his free and voluntary act for the uses and purposes set forth herein.

Notary Public
Printed Name: _____
My commission expires: _____

STATE OF NEW HAMPSHIRE
COUNTY OF ROCKINGHAM

On this ____ day of _____, 2018, before me, _____, the undersigned officer in and for said County and State, personally appeared David R. Mullen, personally known to me (or proved to me on the basis of satisfactory evidence) to be the Executive Director of the Pease Development Authority and on oath stated that he was authorized to execute this instrument and acknowledged it to be his free and voluntary act for the uses and purposes set forth herein.

Notary Public
Printed Name: _____
My commission expires: _____


MOTION

Director Loughlin:

The Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to complete negotiations with Frontier Airlines, Inc. ("Frontier") and to execute a Terminal Lease and Operating Agreement; substantially in accordance with the memorandum from Paul E. Brean, Airport Director, dated October 10, 2018 and attached hereto to include a cooperative marketing agreement in an amount not to exceed \$135,000.

N:\RESOLVES\2018\Lease-Frontier 1018.docx

Memorandum

To: David R. Mullen, Executive Director 
From: Paul E. Brean, Airport Director
Date: 10/10/18
Subj: Frontier Airlines, Inc.

Frontier Airlines, Inc. ("Frontier") has announced scheduled air service from Portsmouth International Airport at Pease ("PSM") to Orlando International Airport ("MCO") in Orlando, Florida. Service will commence on December 6, 2018 with three flights per week. Frontier intends to operate using an Airbus A320 type aircraft.

Frontier has requested a one year Terminal Lease and Airfield Operating Agreement ("Lease") to commence on December 6, 2018, subject to extension or termination based on air service demand. The Lease will allow the use of three ticketing positions at the terminal ticket counter, use of the terminal jet bridge and baggage handling system. Additionally, Frontier has requested 194 sq. ft. of dedicated office space with an additional 9 sq. ft. in the domestic baggage claim area for a dedicated customer service podium. The Airport is able to support the required space Frontier has requested and it should be noted that the dedicated baggage claim podium will provide a positive customer service experience for arriving passengers.

In order to initiate strong ridership on this new service it is my recommendation the Pease Development Authority ("PDA") enter into a cooperative marketing program with Frontier to promote air passenger service at the Airport. Similar to previously conducted air service incentive programs the PDA would agree to contribute up to \$135,000 dollars toward marketing efforts that specifically reference PSM. Frontier and the PDA would work cooperatively contributing equal sums or agreed to in-kind and equal value advertising over the duration of an agreement.

At the October 18, 2018 meeting of the Board, please request authorization to complete negotiations with Frontier and execute a Terminal Lease and Airfield Operating Agreement for the purpose of providing scheduled commercial air service. I also request you seek Board approval to authorize \$135,000 dollars in funds to incorporate the cooperative marketing program in the Lease.

MOTION


Director Lamson:

The Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to complete negotiations with TVC Albany, Inc. d/b/a FirstLight Fiber ("TVC") and to execute a lease for the premises located at 77 Aviation Avenue; substantially in accordance with the memorandum from David R. Mullen, Executive Director, dated October 10, 2018 and attached hereto.

N:\RESOLVES\2018\Lease-TVCAIbany 1018.docx

MEMORANDUM

To: Pease Development Authority Board of Directors

From: David R. Mullen, Executive Director 

Date: October 10, 2018

Re: TVC Albany, Inc., d/b/a FirstLight Fiber – 77 Aviation Avenue

TVC Albany, Inc., d/b/a FirstLight Fiber (“TVC”) is an entity which owns Freedom Ring Communications, LLC d/b/a BayRing Communications (“Freedom Ring”). Freedom Ring has been a long term tenant at the Tradeport and, under the corporate umbrella of TVC, occupies an 8,658 square foot building located at 77 Aviation Avenue and a 5,122 square foot building located at 11 Manchester Square. Both of these buildings are former US Air Force buildings owned by PDA. TVC, through Freedom Ring, also owns a newly constructed 27,873 square foot facility located at 359 Corporate Drive which is subject to a ground lease with PDA.

The 77 Aviation Avenue lease, which was entered into 20 years ago, is set to expire on October 31, 2018. Recently, TVC requested that its 77 Aviation Avenue lease be renewed for an additional five years from November 1, 2018 through October 31, 2023. TVC also requested that it be granted three (3) five-year options to extend the term of its lease. The current Building Area Rent for the 8,658 square foot facility is \$13.139 per square foot. Going forward, TVC has agreed to an increase in its rent based upon a CPI adjustment measured from November 2013 when the last adjustment occurred. Thereafter, TVC’s rent will be adjusted every five years for each respective option period, i.e., beginning in years 6, 11 and 16. The initial CPI adjusted Building Area Rent rate will be set at the time of the issuance of the Lease.

Note that TVC has indicated to PDA that it may merge Freedom Ring into TVC or dissolve the LLC depending upon the recommendation of its accountants. Paperwork substantiating the merger or dissolution will be provided to PDA once TVC makes its decision.

At the October 18, 2018 meeting, I will be seeking Board authority to complete negotiations with TVC and to enter into a lease extension of five years along with the inclusion of three (3) five-year options for a total cumulative lease extension not to exceed 20 years.

P:\FREEDOM RING (fka FirstLight)\Board\BODmemo 100918.docx

MEMORANDUM

TO: Pease Development Authority Board of Directors
FROM: David R. Mullen, Executive Director 
RE: Contract Reports
DATE: October 18, 2018

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

1. Project Name: ADB Safegate
PDA Obligation: \$4,299.53
Board Authority: Vice-Chairman Loughlin
Summary: Overage in cost due to miscommunication of the unit price of five custom fabricated signs.

N:\RESOLVES\Resolves\2018\Contractrpt 1018.docx

Memorandum

To: David R. Mullen, Executive Director
From: Paul E. Brean, Airport Director *PEB*
Date: 10/10/2018
Subj: Additional Funding ADB Safegate Airfield Signage

On April 20, 2018, the Pease Development Authority (“PDA”) Board of Directors approved a contract with ADB Safegate in a total amount not to exceed \$45,682.29 for the purchase and installation of airfield signs at Portsmouth International Airport at Pease. This project consisted of design, fabrication and installation of custom airfield navigation signs to replace deteriorating signs. The design and bidding phase of this project began in April 2017. Due to unforeseen circumstances, project oversight was transferred to a newly hired Master Electrician in March 2018.

Following the PDA Board vote in April 2018, an order was placed for \$49,981.82 with ADB Safegate, exceeding the approved value by \$4,299.53. This oversight was the result of a miscommunication on the unit pricing for five custom fabricated signs. Although this error resulted in exceeding the not to exceed value, the project remained under the FY18 Capital Improvement Budget and ADB Safegate was still the lowest bidder at \$49,981.82.

Director Loughlin approved the exceeded contract amount.



ADB SAFEGATE Americas LLC
 977 Gahanna Parkway
 Columbus, OH 43230

Tel: +1 (614) 861 1304
 Fax: +1 (614) 864 2069

Please remit to:
ADB SAFEGATE Americas LLC
 P.O. Box 29160
 New York, NY 10087-9160

Invoice 90043863

Bill-To Party **1002384**
 PEASE DEVELOPMENT AUTH.
 7 LEE STREET
 PEASE INT'L AIRPORT
 PORTSMOUTH NH 03801

Ship-To Party: **1002384**
 PEASE DEVELOPMENT AUTH.
 7 LEE STREET
 PEASE INT'L AIRPORT
 PORTSMOUTH NH 03801

Header Information
Document No: 90043863
Invoice Date: August 28, 2018
Ref Sales Order: 15288
Customer PO: LED Signs 9-2017-Email Allan Bishop
Airport Code: PSM-PORTSMOUTH INTL AT PEASE
ADB Contact: Christina Newsom

Delivey Number 80051277

Shipping Information
Terms of Payment: Net 30 days
Terms of Delivery: EXW - PLANT
Ship Via/Carrier: ADB Best Way / UPS FrEIGHT
Tracking ID/PRO No: COYOTE PRO#

We gladly accept:
VISA, MASTERCARD

Pay Item	Inv. Item	SO Item	PartNo./Description	Order Qty	Ship/Inv Qty	Unit Price	Value
	1	100	SR33-7243220 L858,LED,SZ3,3M,DBL-F,4P, P-L.W/SW,2-TE Serial Numbers: 2018082300042 - 2018082300046	5	5 EA	2,615.64	13,078.20
	2	200	SR32-7123220 L858,LED,SZ3,2M,SGL-F,2P, P-L,W/SW,2-TE Serial Numbers: 2018082300027 - 2018082300034	8	8 EA	1,700.64	13,605.12
	3	300	SR33-7143220 L858,LED,SZ3,3M,SGL-F,4P, P-L.W/SW,2-TE Serial Numbers: 2018082300039 - 2018082300041	3	3 EA	2,389.78	7,169.34
	4	400	SR32-7233220 L858,LED,SZ3,2M,DBL-F,3P, P-L,W/SW,2-TE Serial Numbers:2018082300035	1	1 EA	1,935.35	1,935.35
	5	500	SR31-7123220 L858,LED,SZ3,1M,SGL-F,2P, P-L,2-TETH Serial Numbers: 2018082300020 - 2018082300026	7	7 EA	1,136.47	7,955.29
	6	700	SR33-7253220 L858,LED,SZ3,3M,DBL-F,5P, P-L.W/SW,2-T Serial Numbers:2018082300038	1	1 EA	2,686.96	2,686.96
	7	800	SR32-7123220 L858,LED,SZ3,2M,SGL-F,2P, P-L,W/SW,2-TE Serial Numbers: 2018082300036 - 2018082300037	2	2 EA	1,775.78	3,551.56



ADB SAFEGATE Americas LLC
977 Gahanna Parkway
Columbus, OH 43230

Invoice

90043863

Sales Amount	\$49,981.82
Sales Tax	\$0.00
Total Amount due (USD)	\$49,981.82

DESTINATION CONTROL STATEMENT:

These commodities, technology or software were exported from the United States in accordance to Export Administration Regulations. Diversion contrary to U.S. law prohibited. These items are not to be used, directly or indirectly, in prohibited nuclear, chemical/biological or missile weapons activities.

**** Include Invoice Number and Customer Number with Payment ****
Thank you for your Order and Business !

For billing questions: Voice: 614-861-1304 Fax: 614-864-2069


MOTION

Director Allard:

The Pease Development Authority Board of Directors approves of and authorizes the Executive Director to enter into a contract with Piscataqua Landscaping and Tree Service, LLC ("Piscataqua") for the purpose of providing landscaping and snow removal services at Pease International Tradeport for an initial period of three (3) years with two options of one (1) year each, which options are exercisable at the sole discretion of the PDA Executive Director; all in accordance with the memorandum of Paul E. Brean, Airport Director, dated October 10, 2018.

N:\RESOLVES\2018\PSM-Piscataqua 1018.docx

Memorandum

To: David R. Mullen, Executive Director 

From: Paul E. Brean, Airport Director

Date: 10/10/18

Subj: Landscaping and Snow Removal Services

Currently landscaping and snow removal services are provided by two vendors and with both contacts expiring simultaneously PDA Staff determined combining the services under one vendor would be in the best interest of the PDA. In September 2018, the PDA advertised a request for bids to provide landscaping and snow removal services at PDA designated properties. Nine companies requested bid information and three contractors submitted bids however one bid was considered non-responsive and eliminated.

Bidder	Landscaping	Snow Removal	Total
Elves Landscaping	\$22,210	\$65,520	\$87,730
Piscataqua Landscaping	\$20,160	\$64,250	\$84,410

PDA Staff from Engineering, Maintenance and Golf Operations reviewed the bids and determined Piscataqua was the lowest bidder at \$84,410 and meets all requirements specified in the bid package.

At the October 18, 2018 Board Meeting please request Board approval to enter into a contract with Piscataqua for a period of three years, with two one year options at rates to be negotiated and exercised at the sole discretion of the Executive Director.

MOTION

Director Bohenko:

The Pease Development Authority Board of Directors authorizes the Executive Director to complete negotiations and to enter into a contract with _____ for the supply of electrical power for the 18 month period month period effective November 1, 2018 through April 30, 2020 at the fixed price of \$_____ per kWh; all in accordance with the memorandum of Irving Canner, Director of Finance, dated _____, attached hereto.

N:\RESOLVES\2018\Electricity 1018.docx

Memorandum

To: Paul Brean, Airport Director

From: Sandra McDonough, Airport Community Liaison *SM*

Date: 10/11/2018

Subj: Noise Report for September, 2018

The Portsmouth International Airport at Pease received a total of 16 noise inquiries in September, 2018. There were 14 rotor wing inquiries, one fixed wing inquiry and one non airplane noise event.

The 14 rotor wing inquiries originated from two residences: The Miller Avenue residence accounted for 13 inquiries and the Ruth Street residence accounted for one. All of the rotor-wing inquiries were concerning Seacoast Helicopters.

The one fixed wing inquiries originated from Haven Road in Portsmouth. The caller did not like the small aircraft flying overhead with a banner in tow.

The last noise inquiry originated out of Newington but was not related to aircraft.

All inquiries are reviewed and logged in the airport database. Individual inquiries are researched and followed up on with phone calls where appropriate. Certain callers have indicated that call backs are unnecessary.

MOTION

Director Loughlin:

The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds up to \$842.05 for the following legal services rendered through August 31, 2018 to the Pease Development Authority:

1. Kutak Rock, LLC		
General	<u>\$842.05*</u>	\$842.05
Total		<u>\$842.05</u>

*The balance will be paid by the City of Portsmouth.

N:\RESOLVES\2018\Legal Services 1018.docx

ANALYSIS - LEGAL FEES
ENVIRONMENTAL MATTERS

	A	B	C	D	E	F	G	H	I	J	K	L
	Lead Counsel: Lynn Preston						Lead Counsel: Barry Steinberg					
2	DATE	Haven Well	PFAS Issues	Conservation Law Foundation	Fiscal Year Total	DATE	Haven Well	Hangar 227	PFAS Issues	Conservation Law Foundation	Fiscal Year Total	
3												
4	FY19	\$0.00	\$2,581.00	\$36,859.00	\$39,440.00	FY19	\$0.00	\$0.00	\$3,138.05	\$615.00	\$3,753.05	
5	FY18	\$0.00	\$4,843.00	\$291,272.81	\$296,115.81	FY18	\$0.00	\$0.00	\$0.00	\$19,532.69	\$19,532.69	
6	FY 17	\$0.00	\$0.00	\$212,105.26	\$212,105.26	FY 17	\$16,030.93	\$9,990.00	\$0.00	\$96,720.48	\$122,741.41	
7	FY 16	\$0.00	\$0.00	\$0.00	\$0.00	FY 16	\$14,472.30	\$0.00	\$0.00	\$0.00	\$14,472.30	
8	FY 15	\$2,400.17	\$0.00	\$0.00	\$2,400.17							
9	FY 14	\$14,604.30	\$0.00	\$0.00	\$14,604.30							
10												
11	Sub Totals	\$17,004.47	\$4,843.00	\$503,378.07	\$525,225.54	Sub Totals	\$30,503.23	\$9,990.00	\$3,138.05	\$116,868.17	\$160,499.45	
12												
13											\$10,480.50	
14	Cumulative Total	\$17,004.47	\$4,843.00	\$503,378.07	\$525,225.54	Cumulative Total	\$30,503.23	\$9,990.00	\$3,138.05	\$116,868.17	\$150,018.95	
15												
16												
17												
18							Through August 2018					
19	*Credits were given on the May 2017 invoices in an amount equal to approximately 11% to reflect overpayments. The credits have not been equally distributed by											
20	category.											

ANALYSIS - LEGAL FEES
ENVIRONMENTAL MATTERS

	N	O	P
1	ANDERSON & KREIGER, LLP		
2	DATE	Conservation Law Foundation	Fiscal Year Total
3			
4	FY19	\$0.00	\$0.00
5	FY18	\$15,805.55	\$15,805.55
6			
7			
8			
9			
10			
11	Sub Totals	\$15,805.55	\$15,805.55
12			
13			
14	Cumulative Total	\$15,805.55	\$15,805.55
15			
16			
17	Through June 2018		
18			
19			
20			

KUTAK ROCK LLP

WASHINGTON, D.C.

Telephone 202-828-2400

Facsimile 202-828-2488

Federal ID 47-0597598

September 21, 2018

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. 2469707

Client Matter No. 294603-1

Invoice No. 2469707

294603-1

Re: General

For Professional Legal Services Rendered

TOTAL CURRENT AMOUNT DUE

\$2,177.00



Division of Ports and Harbors Advisory Council
555 Market St.
Portsmouth, NH 03801
Tel 603-436-8500
Fax 603-436-2780

PORT ADVISORY COUNCIL MEETING MINUTES
WEDNESDAY, SEPTEMBER 12, 2018

PRESENT: Don Coker, Chairman
Roger Groux, Vice-Chairperson
Erik Anderson
Chris Snow
Brad Cook
Chris Holt
Geno Marconi, Director, DPH

ABSENT: Jeff Gilbert
Ned Reynolds

1. CALL TO ORDER
Chairman Coker called the meeting to order at 6:08 p.m.
2. APPROVE MINUTES
Chris H. made a motion to accept the June 13, 2018 minutes, Erik 2nd. No further discussion, the council voted and the motions carried.
3. FINANCE REPORT
Jeff Gilbert is not present so the Director reported that the PDA is operating in the black. He reminded the council that the Port is reviewing the fee schedules. It is a time consuming process and there is nothing to distribute yet but he will provide an outline of any changes for the council's review prior to the October 10 meeting to be ready for discussion. Over the next few years there will be some considerable expenditures, for example, although these are Army Corp projects, when Hampton and Rye get dredged each project could cost the Port over \$200,000 which includes fees for Wetlands permits, moving and replacing moorings etc. We also are responsible for moving the State anchor so those areas can be dredged. Overall, the bills are being paid, and we have a little extra money. Erik asked about the RLF fund and Josiah Beringer's boat, as everyone knows, due to his death the loan went into default, PDA is in the process of working through a resolution with federal court to hold an auction in which hopefully the proceeds from the sale of the vessel and permit will cover the balance of the 2 loans and subsequent expenses including the boat cleanup, legal and storage fees. Director referred to page 7, Foreign Trade Zone. He heard from FTZ board today and is expecting final approval of the amended boundary line soon.
4. DIRECTOR'S REPORT
 - a. Town of Rye, Right of Entry, Director explained the project taking place in Rye regarding the Harbor Rd. bridge replacement

b. Morton Salt License and Operating agreement extension, Morton requested an extra year on their license and operating agreement as we are in the next to the last year of their agreement

c. Vintage Fish Co. Right of Entry, Rye Harbor Marine Facility, Adam Baker of Vintage Fish Co. purchased the building from Peter Reynolds of Granite State Whale Watches to use as a ticket office to support his fishing charter business. Don asked to confirm that the \$5 parking fees go to port and the Director confirmed that they do.

d. Northeast Fisheries, Sector XI and XII Right of Entry extension, they rent an office at the Portsmouth Fish Pier and are continuing to do so. The sector is the organization that the fishermen belong to that monitor the reporting etc.

e. Portsmouth Fish Pier Concept Study, As you know, Appledore completed their condition survey and the next step will be a concept study to determine the best step moving forward whether it be a full replacement, a repair or somewhere in between. Erik asked if the industry down there could be engaged during the planning process and Director explained that the first step is a kick off meeting with all stakeholders which would include the fishermen. Don asked if money will determine the decision on which way to go, Director explained that is part of it, it will also depend on what the legislature is willing to do. Chris H asked if it was possible to design the pier as a general use dock should something happens to the fishing industry, Director explained there is a deed restriction which requires the property to be turned back over to the City should it ever cease to be used as a commercial fishing. Comments were made that those deed restrictions can be changed. Roger said that based on the dollar figures in the report that it seems it would more prudent to do a replacement rather than a repair. Don asked if there was anything the council could do to help, Director asked that they read the report when it comes out and advise accordingly.

f. Director gave an update on the Functional Replacement, things are going along well with the environmental testing. There is a very small concentration of contaminants on the land side and the land side test borings and a remediation plan will be completed within the next few weeks. He explained that EPA won't be able to review any submitted reports until after the first of the year. The test borings for the water side are completed and have determined that most of the material can be excavated. Some discussion on this topic, but it's still up in the air.

g. Erik asked if any of the improvements at the Fish Pier involve the building and Director said not at this time.

5. COMMITTEE REPORTS

Fisheries-Erik explained that the 4 boats that were engaged in ground fishing have now switched over to lobster or small mesh fishing, which turned out to be slow. The water is tremendously warm. Poagies/Menhaden are the most volumetric species on the east coast in volume and harvesting so there has been some activity on those. NH was the only Northern

state to get an allocation for landing Menhaden this year. This fishery has created some new meal opportunities for whale watching as the whales are coming in closer, sometimes they can be seen from the shore and in 20' of water. Don asked about the fishing boat that got hung up with a whale and wondering how that is shaking out. Erik let Don know that NIMS is doing an investigation, some discussion ensued about the articles that came out.

Government-Ned was not in attendance, Director reported that the City of Portsmouth is moving ahead with the Market St. Gateway project and he's been ensured that the distance curb to curb is not going to change, they are just going to be painting new lane lines which is good news for the Port. Also, the Port was successful in securing a security grant from FEMA which will include new fencing along the front of the building so we are hoping to do our project along with the City's Market St. project. The grant also included 3 portable generators, transfer switches and electricians which will greatly assist with the Port's security plan for each satellite facility, Rye, Hampton and Portsmouth. Some of the information is security sensitive so he can't go into too much detail. Roger asked for an update on the rescue boat, last time Director talked to Deputy Chief Heinz and they are in the final stages of ordering the boat.

Moorings-Chris S. received an update from Lana and let Chris know that the commercial use permits will be going out first and those need to be brought to the DMV. The waitlist will be updated, reminder to all that this is a snap shot as it is constantly being updated so it would be best if someone wants to know where they are on the waitlist to call the office. Also, anyone heading south for the winter can come in early but they still need a valid registration. Chris presented and read a letter to the editor regarding the moorings in Little Harbor. Chris said that in his opinion, based on his discussions with the Harbor Masters and Tracy (Shattuck), the enforcement of the mooring rules is very active where they've seized boats and moorings. In the last 3 years there was a 20% turnover in Little Harbor. He presented a report to the Council that showed the details of management of the moorings in Little Harbor. Discussion ensued regarding whether the council should respond to the editorial. Director explained that the Port does take all public concerns seriously which is why the investigation was done, to show the true facts. The council decided to not reply to the editorial.

PDA Liaison-Roger reported that Geno was complimented by John Bohenko for his work on the Foreign Trade Zone. The biggest thing going on now is the expansion of the airport and Frontier Airlines coming in December. They'll be starting with 3 flights a week to Florida and growing from there.

Maritime/Public Affairs-Don reported that the PMC had a very successful event, 7500 paid visitors, they took a couple months off and are going to start working on next year's plans.

Dredging-Chris reported that there was a dredge meeting today but he was not able to make it, however, he has notes from Director Marconi, some items included the following:

- the legislative budget update has passed the senate and is in the house, it includes an extension of the Cape Arundel disposal site to 2021,

- The Army Corp reports that they expect to get full funding requests this week and hopefully will include funds for Hampton and Seabrook dredging. The Corp reports that 150 cy on the and 37 on Hampton side, they report issues with concerns from State park, Seabrook and Hampton and include the piping plover habitat and better use of the sand
- The turning basin up the river, still hoping for the budget to get passed
- Rye Harbor –no plans for dredging
- Eel grass

The full transcript of the minutes will be available next month.

Recreational Piers-Brad reported that it was a relatively good summer. Charter party fleets reports a brisk year. The major carriers had what they call a B+ year. Things will slow down soon with the haddock season closing this coming weekend. There has been a definite change in Rye, there is almost zero recreational fishing activity, as of this summer there were only 2 - 6 pack boats. As a comparison, last summer the bait sales would average about \$1000/wk., this summer it dropped way down, a big day was \$100. There is almost no traffic for recreational fishing, but whale watching is going great. Erik commented that the quota for cod fish may be increasing and hopefully that will help.

6. NEW BUSINESS

Rye Harbor repairs/FEMA, Director updated the council on what they would like to do for preventive work. They had a preliminary meeting in Concord with FEMA to discuss and the Port will be putting together an application for reimbursement. There may be funds available for more remedial work to include reinforcing the revetment to help with preventing further erosion.

Roger asked about the meeting that Geno attended in Rye on Monday. Director reported he was invited by the Rye Selectmen to a public meeting organized by a group of people regarding the dredging in Rye, Director explained to the group about the Dredge Task Force and the statutory requirements regarding dredging and the financial obligation surrounding dredging.

Roger asked about Brenda being at maritime training this week, Director said that he sent her to the International Maritime Port Executive training in New London, CT. This is a good training for her to gain some knowledge and experience in the industry. Brenda joins Whit Anderson, Grant Nichols and Tracy Shattuck as the 4th member of the Port team to attend the training.

7. OLD BUSINESS

The by-laws were on the table to be reviewed, Roger made a motion to table the review until the next meeting, seconded by Erik, no further discussion and the motion carried.

8. PUBLIC COMMENT

There were no members of the public present.

8. PRESS QUESTIONS

There were no members of the press present.

9. ADJOURNMENT

Chris made a motion to adjourn, Erik seconded, and all were in favor. Meeting was adjourned at 7:30 PM

MEMORANDUM

To: Pease Development Authority Board of Directors
From: David R. Mullen, Executive Director *DM*
Date: October 18, 2018
Re: Commercial Use Mooring Permit Transfers

In accordance with the "Delegation to Executive Director: Consent, Approval and Execution of Mooring Permit Transfers" adopted by the Board on January 24, 2002, I am pleased to report that PDA has approved of a commercial mooring permit transfer for the following permit:

	<u>Permit</u>	<u>Business</u>	<u>Date of Approval</u>
Seabrook Harbor	No. 1882	Commercial Fishing	09/24/18
Transferor:	Arthur Frasca		
Transferee:	Todd Smith		

The Delegation to Executive Director: Consent, Approval and Execution of Mooring Permit Transfers provides that:

"A Mooring Permit Transfer request submitted to this delegation of authority shall not be consented to, approved or executed unless all of the following conditions are met:

1. In accordance with NH Administrative Rule Por 301.08 (superseded by Pda 508.01 (a)-(d)), a commercial boat owner must submit to the Division documented proof of the commercial nature of the business being sold."

These conditions have been met.

P:\PortAuthority\Moorings\Transfers\BoardMemos\Boardmem 1018.docx

TO: David Mullen, Executive Director, PDA
FROM: Geno J. Marconi, Director, DPH
DATE: September 21, 2018
RE: Commercial Mooring Transfer

The Pease Development Authority, Division of Ports and Harbors has received a request for the transfer of a commercial mooring, permit #1882, from Arthur Frasca to Todd Smith.

I have reviewed the attached paperwork and concur with the local Harbormaster and Chief Harbormaster that the request meets all the requirements of the PDA-DPH Code of Administrative Rules regarding commercial mooring transfers. Therefore, I am requesting approval of the transfer.

If you have any questions or need further information, please let me know.

September 24, 2018

Arthur Frasca
39 Commonwealth Ave
Salisbury, MA 01952

RE: Request to Transfer Commercial Moorings
Commercial Mooring No. 1882, Seabrook Harbor, New Hampshire

Dear Mr. Frasca:

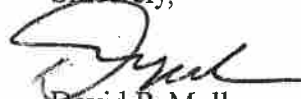
Please be advised that Pease Development Authority - Division of Ports and Harbors has approved of your request to transfer the above referenced commercial use mooring permit to Todd Smith of 931 Broadway Ave Haverhill, MA in connection with the sale of your commercial business.

You and Todd Smith have represented that Todd Smith intends to use the mooring for commercial purposes. Please be advised that the approval to transfer the mooring is subject to the condition that Todd Smith will continue to use the mooring for commercial purposes.

In accordance with the administrative rules which govern the transfer of commercial moorings; "If the holder of a commercial use mooring permit ceases operation of the commercial entity for which the permit was issued, the permit shall lapse." See enclosed copy of Pda 508.01(d). By copy of this letter Todd Smith is being put on notice of this provision.

Thank you for your attention to this matter.

Sincerely,



David R. Mullen
Executive Director

Enclosure

cc: Geno Marconi, Director PDA-DPH
Todd Smith
PDA Legal Dept.

PART Pda 508 TRANSFER OF MOORING PERMITS

Pda 508.01 Transfer of Commercial Use Mooring Permits.

(a) A commercial vessel owner may transfer his or her commercial use mooring permit(s) to a new owner if the permit holder's business, including the vessel for which the commercial use mooring permit(s) was issued by the division, is sold or under a contract of sale, subject to:

- (1) The buyer's submitting an application for a commercial use mooring permit for the same type of business or another type of business that would qualify for a commercial use mooring permit and all applicable documentation;
- (2) Payment of the commercial use mooring permit transfer fee for transfers pursuant to Pda 508.01(a), provided that fees paid in the form of a check or a money order shall be made payable to "Pease Development authority, Division of Ports and Harbors;" and
- (3) Approval of the transfer by the authority upon the buyer's showing that he or she has complied with all the requirements for a commercial use mooring permit.

(b) The owner of a water-dependent business as described in Pda 502.30(b) may transfer his or her commercial use mooring permit(s) to a new owner if the permit holder's business is sold or under contract of sale, subject to:

- (1) The buyer's submitting an application for a commercial use mooring permit for a water-dependent business as described in Pda 502.30(b) and all applicable documentation;
- (2) Payment of the commercial use water dependent business mooring permit transfer fee for transfers pursuant to Pda 508.01(b), provided that fees paid in the form of a check or a money order shall be made payable to "Pease Development Authority, Division of Ports and Harbors;" and
- (3) Approval of the transfer by the authority upon the buyer's showing that he or she has complied with all the requirements for a commercial use mooring permit.

(c) The division shall only consider written transfer requests made by the owner of record and mailed or hand delivered to its office at:

Deliver To:

Pease Development Authority
Division of Ports and Harbors
555 Market Street
Portsmouth, NH 03801

Mail To:

Pease Development Authority
Division of Ports and Harbors
555 Market Street
Portsmouth, NH 03801

(d) If the holder of a commercial use mooring permit ceases operation of the commercial entity for which the permit was issued, the permit shall lapse.

Division of Ports & Harbors

Memorandum

To: Capt. Geno J. Marconi

From: Chief H/M Tracy R. Shattuck *TCS*

Re: Commercial Transfer

Date: September 21, 2018

Arthur Frasca and Todd Smith are requesting the transfer of a Mooring Permit (#1882) in the Seabrook Harbor mooring field. Attached is documentation of Smith's commercial enterprise in the form of his NH Commercial Fishing License and landings. Frasca has requested that his General Use Permit become a Commercial Use Permit, and attached is the commercial documentation associated with Arthur Frasca. Pda 506.04 allows a General Use Mooring Permit holder to apply for a Commercial Use Permit. Attached is a bill of sale and transfer request from Arthur Frasca with the assertion that he sold his boat and mooring gear to Todd Smith. Todd Smith has asserted that he understands that the mooring must remain in commercial use.

I have reviewed this application and I believe that it is in compliance with the administrative rules.

I recommend that permit #1882 be transferred to:

Todd Smith
931 Broadway Ave
Haverhill, MA 01832

September 27, 2018

By Email Only

Jamal Khan, President, Global Digital and eComm
PC Connection, Inc.
730 Milford Rd.
Merrimack, NH 03054

Re: Right of Entry-Rye Harbor Marine Facility

Dear Mr. Khan:

This letter will authorize PC Connection, Inc. ("Connection") and/or its agents and contractors to enter upon the premises known as the Rye Harbor Marina, Rye, New Hampshire ("Premises") on October 9 or October 10, 2018, depending on weather, for the purpose of filming a promotional video which will include Connection assembling a temporary 6' x 6' "office cubicle" in the staging area as shown in the attached photo, Exhibit A, docking a boat and accessing the pier to allow their spokesperson to board Connection's hired boat. This Right of Entry will expire at midnight on October 10, 2018, unless otherwise extended by agreement of Connection and Pease Development Authority-Division of Ports and Harbors ("PDA-DPH").

This authorization is conditioned upon the following:

1. Connection's agreement herein that use of said Premises is at its sole risk and that its signature below constitutes its agreement to assume full responsibility for any and all risks of loss or damage to property and injury or death to persons by reason of or incident to its entry or the entry by any of its employees, agents, visitors, volunteers or contractors upon the Premises and/or the exercise of any of the authorities granted herein. Connection expressly waives all claims against the State of New Hampshire, Pease Development Authority and the PDA-DPH for any such loss, damage, personal injury or death caused by or occurring as a consequence of Connection's use of said Premises or the conduct of activities or the performance of responsibilities under this authorization. Connection further agrees to indemnify, save, hold harmless, and defend the State of New Hampshire, Pease Development Authority and the PDA-DPH, their officers, agents and employees, from and against all suits, claims, demands or actions, liabilities, judgements, costs and attorney's fees arising out of Connection's use of said Premises or any Connection activities conducted or undertaken in connection with or pursuant to this authorization.

2. Connection and any agent, contractor or vendor of Connection providing to the Pease Development Authority satisfactory evidence of comprehensive general liability insurance to a limit of not less than One Million Dollars (\$1,000,000.00), naming the Pease Development

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

3. Connection's agreement herein to coordinate filming schedule and activities with PDA-DPH prior to the commencement of the film session by contacting PDA-DPH:

- | | | | |
|----|--------------|----------------------|---------------------------|
| a. | Judy Dubois | 319-8246
944-0902 | Rye Harbor Marina
Cell |
| or | | | |
| b. | Leo Axtin | 319-8246
365-0509 | Rye Harbor Marina
Cell |
| or | | | |
| c. | Geno Marconi | 365-0503 | Division Director |

4. Connection's agreement to maintain the portion of the Premises used in a neat and orderly manner for the duration of this Right of Entry and to leave the Premises in a neat and orderly condition which is equal to or better than the condition of the Premises upon the commencement of this Right of Entry (normal wear and tear excepted).

5. Connection's agreement herein that its filming activities will not interfere with ongoing activities at the Premises.

6. Connection's and any agent, contractor or vendor of Connection agreement herein to secure all necessary Federal, state, municipal and/or local permits prior to the film session as may be required and applicable. Permits to include, but not limited to, a pier use permit for the boat accessing the Premises' pier and drone operator's permits and licenses as required by the FAA.

7. Connection's agreement to pay associated pier use, boat launching and parking fees as applicable.

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

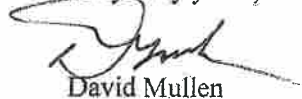
PC Connection, Inc.
730 Milford Rd.
Merrimack, NH 03054
September 27, 2018
Page 3

9. Connection's acknowledgment that PDA may terminate this Right of Entry for cause by providing Connection with 24 hours written notice.

10. This Right of Entry shall be construed and enforced in accordance with the laws of the State of New Hampshire. Any actions or proceedings with respect to any matters arising under or growing out of this Right of Entry shall be instituted and prosecuted only in courts located in the State of New Hampshire. Notwithstanding any other provision of this Right of Entry, no provision of this Right of Entry shall be deemed to constitute or effect a waiver of the sovereign immunity of the State of New Hampshire, the Pease Development Authority and the PDA-DPH. The sovereign immunity of the State of New Hampshire, the Pease Development Authority and the PDA-DPH is reserved to the State of New Hampshire, the Pease Development Authority and the PDA-DPH to the fullest extent allowed under law.

Please indicate by the signature of a duly authorized representative of Connection on the enclosed copy of this letter Connection's consent to the terms and conditions set forth above and return the same to me with evidence of insurance as required.

Very truly yours,


David Mullen
Executive Director

Agreed and accepted this 5th day of October, 2018

PC Connection, Inc.

By: **Jamal Khan**
Digitally signed by Jamal Khan
DN: cn=Jamal Khan, o=Connection, ou=President, Global Digital
and e-Criminals, email=jamalkhan@connection.com, c=US
Reason: I, the signatory, have signed.

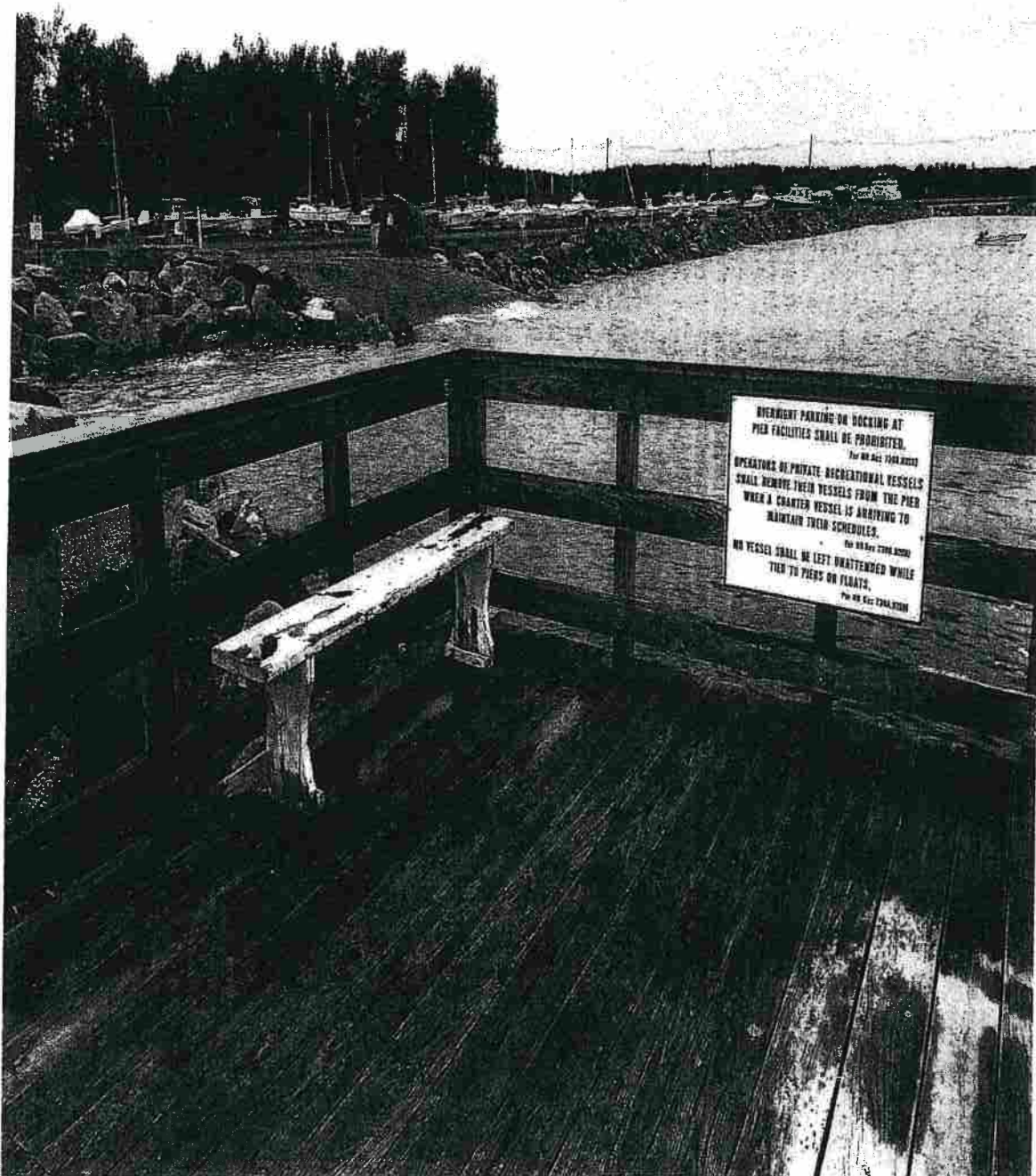
Duly Authorized

cc: Geno Marconi, Director, Division of Ports and Harbors
Mark H. Gardner, Deputy General Counsel

U:\ROE\ROE\Connection-Rye Harbor

PC Connection, Inc.
730 Milford Rd.
Merrimack, NH 03054
September 27, 2018
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EXHIBIT A
"PREMISES"





PEASE

INTERNATIONAL

PORTS AND HARBORS

555 Market Street, Suite 1 Portsmouth, NH 03801

September 20, 2018

Scott Hosker
Boston Line & Service Co Inc.
Coast Line Service Inc.
1 Black Falcon Ave
Boston, MA 02210

RE: Right of Entry-Hampton Harbor Marine Facility

Dear Mr. Hosker,

This letter will authorize Boston Line & Service Co. Inc. ("Boston") and/or its agents and contractors to enter upon the premises at the Hampton Harbor Marine Terminal, (the "Premises") from September 23, 2018 through October 11, 2018 for the purpose of docking a 65' vessel and using the premises for loading and unloading equipment and crew. This Right of Entry ("ROE") will expire at the close of business on October 11, 2018 unless otherwise extended by agreement of Boston and Pease Development Authority, Division of Ports and Harbors ("PDA-DPH").

This authorization is conditioned upon the following:

1. Boston's agreement herein that any use of the Premises is at its sole risk and that its signature below constitutes its agreement to assume full responsibility for any and all risks of loss or damage to property and injury or death to persons by reason of or incident to its entry or the entry by any of its employees, agents or contractors upon the Premises and/or the exercise of any of the authorities granted herein. Boston expressly waives all claims against the State of New Hampshire, and the PDA-DPH for any such loss, damage, personal/bodily injury or death caused by or occurring as a consequence of Boston's use of the Premises or the conduct of activities or the performance of responsibilities under this authorization. Boston further agrees to indemnify, save, hold harmless, and defend the State of New Hampshire, the PDA-DPH, their officers, board members, agents and employees, from and against all suits, claims, demands or actions, liabilities, judgments, costs and attorney's fees arising out of Boston's use of the Premises or any activities conducted or undertaken in connection with or any activities conducted or undertaken in connection with or pursuant to this authorization.

2. Boston and/or any agent or contractor of Boston providing to the PDA-DPH satisfactory evidence of insurance, as outlined in Exhibit A.

3. Fees are as follows, payment shall be made payable to PDA-DPH and forwarded to PDA-DPH, 555 Market St., Portsmouth, NH 03801:

a. Dockage: \$1.70 per foot per day (24 hour period.) Payment for 18 days, \$1989.00, is due upon accessing the premises.

○○○○ TAKING YOU THERE

ph: 603-436-8500 fax: 603-436-2780 www.peasedev.org

- b. Additional fees: as applicable, under the "Terminal Charges," Exhibit B. Invoices will be issued at time of service.
4. Underwater Construction Corporation is an approved contractor in conjunction with this ROE and shall abide by all terms of the ROE. All other contractors must be approved by PDA-DPH prior to such accessing the premises.
5. Boston's agreement herein to secure all necessary Federal, state, municipal and/or local permits prior to Boston's access.
6. Boston's agreement herein to observe and adhere to all United States Coast Guard Maritime Security Regulations and orders/requests by the Division Director, Operations Manager and/or the Facility Security Officer (FSO).
7. Boston's agreement to notify the Division Director or his designee on or before October 10, 2018 if an extension to the term is necessary.
8. Boston's agreement herein that the Division Director or his designee may, in his or her sole discretion for the purposes of safety or other operational factors, relocate Boston or areas of use of the Premises as may be required or necessary.
9. Boston's agreement to maintain the Premises in a neat and orderly manner for the duration of this ROE and to leave the Premises in a neat and orderly condition which is equal to or better than the condition of the Premises upon the commencement of this ROE.
10. Boston's agreement that it will not use, store or release any hazardous substances on the Premises for the duration of this ROE. As used in this ROE, the term "Hazardous Substances" means any hazardous or toxic substance, material or waste, oil or petroleum product, which is or becomes regulated by any local governmental authority, the State of New Hampshire or the United States Government. The term "Hazardous Substances" includes, without limitation, any material or substance which is: (i) defined as "hazardous waste," under New Hampshire RSA ch.147-A; (ii) defined as a "hazardous substance" under New Hampshire RSA ch.147-B; (iii) oil, gasoline or other petroleum product, (iv) asbestos; (v) listed under or defined as "hazardous substance" pursuant to Parts Env-Wm 110, 211-216, 351-353, 400-100 ("Hazardous Waste Rules") of the New Hampshire Code of Administrative Rules; (vi) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. §1317); (vii) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. (42 U.S.C. §6903); or (viii) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq. (42 U.S.C. §9601); and (ix) so defined in the regulations adopted and publications promulgated pursuant to any of such laws, or as such laws or regulations may be further amended, modified or supplemented (collectively "Hazardous Substance Laws").

Boston Line Company Inc.
Right of Entry
Hampton Harbor Marine Facility
September 20, 2018
Page | 3

As used in this ROE, the terms "release" and "storage" shall have the meanings provided in RSA 147-b:2, as amended, and the term "disposal" shall have the meaning provided in RSA 147-A:2.

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

12. Boston's acknowledgment that PDA-DPH may terminate this ROE with or without cause by providing Boston with one week written notice. This ROE may be canceled immediately by PDA-DPH in the event Boston fails to provide proof of insurance coverage or engages in any activity which is deemed to compromise public safety and health.

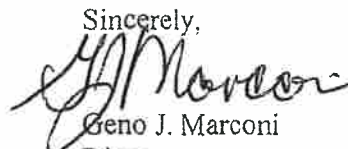
13. This ROE shall be construed and enforced in accordance with the laws of the State of New Hampshire. Any actions or proceedings with respect to any matters arising under or growing out of this ROE shall be instituted and prosecuted only in courts located in the State of New Hampshire.

Notwithstanding the foregoing, no provision of this ROE shall be deemed to constitute or effect a waiver of the sovereign immunity of the State of New Hampshire and no provision of this ROE shall be deemed to constitute or effect a waiver of the sovereign immunity of PDA-DPH, as a body politic and corporate of the State of New Hampshire. The sovereign immunity of the State of New Hampshire is reserved to the State of New Hampshire to the fullest extent allowed under law and the sovereign immunity of PDA-DPH, is reserved to it to the fullest extent allowed under law subject, however, to contractual claims arising under this ROE to the extent such are permitted by NH RSA Ch. 491:8 as the same may be amended.

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



DAVID R. MULLEN
EXECUTIVE DIRECTOR


Sincerely,


Geno J. Marconi
Director

Agreed and accepted this 21st day of September, 2018

BOSTON LINE COMPANY INC.

By:



Duly Authorized

SCOTT HOSKER

Print Name here

EXHIBIT A

INSURANCE REQUIREMENTS

TO: ALL CONTRACTORS, SUBCONTRACTORS AND/OR AGENTS
RE: MINIMUM REQUIREMENTS OF CERTIFICATES OF INSURANCE FOR CONTRACTORS/SUBCONTRACTORS WORKING ON PROPERTY OF PEASE DEVELOPMENT AUTHORITY-DIVISION OF PORTS AND HARBORS

All contractors, subcontractors and/or any agents thereof are required to provide proof of insurance to the Pease Development Authority-Division of Ports and Harbors (APDA-DPH@) before the commencement of any work on PDA-DPH property. The following are the minimum requirements for insurance coverage:

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

THE PDA/DPH IS TO BE NAMED AS AN ADDITIONAL INSURED FOR ALL SHIP LOADING OPERATIONS
CERTIFICATES OF INSURANCE MUST BE RECEIVED BEFORE THE START OF WORK

EXHIBIT B

TERMINAL CHARGES

Amended January 24, 2017

A. DOCKAGE:

(The term dockage refers to the charges assessed against a vessel for berthing at the facility or for mooring to a vessel so berthed.)

\$0.29 cents per net registered ton per twenty-four hour period or a fraction thereof, with a minimum charge of \$500.00 per twenty-four hour period or a fraction thereof.

\$1.70 per ft. per twenty-four hour period or a fraction thereof for subchapter T and subchapter K (small passenger vessel), tugs without tows or barges without certificate of registry.

B. WHARFAGE:

(Wharfage refers to a charge assessed against the vessel on all cargo and containers, full or empty, passing or conveyed over, onto or between vessels(to or from barge, lighter or water) when berthed at the wharf. Wharfage is solely the charge for use of the wharf and does not include charges for any other service.)

Dry Bulk Cargo	\$0.85 per net ton
Containers 20 and 40 Ft length (loaded)	\$15.00 per container
Containers 20 and 40 Ft length (empty on return cycle)	No Charge
Passengers embarking or disembarking	\$2.50 per passenger
Heavy Lift Cargo	\$300.00 minimum per pick, charges to be determined in advance
Cargo, NOS	\$1.75 per net ton
Minimum Charge per Vessel	\$300.00
Trucks, Buses, Vans any size to ships' side	\$120.00 each entry onto the terminal.

Parking:

Trucks, buses, vans	\$20.00 per day
passenger cars	\$5.00 per day

C. VESSEL DOCK LINES:

Line handlers are arranged by the Ship's Agent(s) or representative. All contractors are required to meet all insurance requirements of the PDA-DPH.

PDA/DPH reserves the right to approve or reject line handling procedures according to prevailing circumstances.

D. TERMINAL LABOR:

Arranged by cargo owner, consignee, contractors or subcontractors. All contractors are required to meet all insurance requirements of the PDA-DPH.

E. SECURITY and TWIC ESCORT:

\$37.00 per hour

F. CRANE RENTAL:

All cranes are the responsibility of the customer either by rental or ownership.

Documentation of crane certifications and certificates of insurance must be produced for inspection.

Certified operators only.

G. FORKLIFT/SMALL EQUIPMENT RENTAL;

All equipment is the responsibility of the customer either by rental or ownership.

Documentation of certifications (where applicable) and certificates of insurance must be produced for inspection.

Certified operators only.

H. LIGHTS:

\$100.00 per night

I. WAREHOUSE SPACE:

\$6.50 per sq. ft., per annum, net of utilities

J. FRESH WATER

\$20.00 per 100 cubic feet, \$100.00 minimum per delivery.

K. FLUIDS TRANSFER:

See PDA-DPH fuel/bunkers ROE contracts with vendors.

L. ELECTRICAL:

Available. Price to be determined. All service installation(s) and disconnects for shippers account.

M. NON-HAZARDOUS WASTE DISPOSAL:

Outside contract/vessel.

N. STORAGE

To be arranged in advance of cargo delivered to terminal.

Outside paved, uncovered.

\$63,000.00 per acre per annum

O. FREE TIME:

5 days beginning at 0800 hrs. on the day following discharge for inbound cargo or entry into the terminal for outbound cargo excluding weekends and holidays.

P. POINT OF REST:

To be determined by the PDA/DPH prior to arrival of cargo/equipment.

ITEMS A - P ARE FOR INFORMATIONAL PURPOSES

ALL FINAL CONTRACTUAL AGREEMENTS ARE SUBJECT TO APPROVAL BY THE PEASE DEVELOPMENT AUTHORITY IN ACCORDANCE WITH NEW HAMPSHIRE STATUTE

ANY ADDITIONAL/UNFORESEEN COSTS OTHER THAN WHAT IS STATED ABOVE IS TO BE PAID FOR BY THE CUSTOMER

ALL PROJECTS ARE SUBJECT TO THE AVAILABILITY OF THE FACILITIES AT THE TIME

TERMS ARE NET, COMPLETION OF THE PROJECT; UNLESS PRIOR ARRANGEMENTS HAVE BEEN MADE FOR CREDIT

A DEPOSIT MAY BE REQUIRED BEFORE THE BEGINNING OF ANY PROJECT

FUEL AND BUNKERS DELIVERIES:

In accordance with current **BULK FUEL DELIVERY CONTRACTS** all fuel and bunkers deliveries are by PDA-DPH approved vendors only. GASOLINE IS PROHIBITED. Proof of compliance with applicable sections of 33 CFR and 46 CFR required. The following flow fee for fuel and bunkers deliveries is currently in effect:

Boston Line Company Inc.
Right of Entry
Hampton Harbor Marine Facility
September 20, 2018
Page | 8


- \$0.01 per gallon for up to 50,000 gallons
- \$0.005 per gallon in where the delivery exceeds 50,000 gallons

MOTION

Director Torr:

In accordance with the provisions of 12-G:42 X (b), the PDA Board of Directors hereby approves of the Final Proposal – Fixed Text for readoption of Administrative Rules Chapter Pda 400, as attached hereto, and authorizes the Division Director to take any necessary or recommended action in accordance with RSA 541-A:12, in furtherance of this matter.

N:\RESOLVES\2018\DPHAdminRules-FinalAdoption 1018.docx

Date: October 9, 2018
To: Pease Development Authority, Board of Directors
From: Geno Marconi, Director 
Subject: Final Proposal, Administrative Rules; Pda 400 Harbor Masters

In accordance with RSA 12-G:42 X (b), the Pease Development Authority (“PDA”), acting through its Division of Ports and Harbors (“Division”), shall adopt rules pursuant to RSA 541-A. The Administrative Rules Chapter Pda 400- Harbor Masters (“Pda 400 Rules”) became effective January 1, 2011 and will expire December 31, 2018. In accordance with RSA 541-A:17, I, no rule shall be effective for a period longer than eight (8) years.

In accordance with RSA 12-G:44, IV, the Division Director submitted the Initial Pda 400 Rules, to the Port Advisory Council for consideration at the Council’s meeting on April 11, 2018 where they approved to recommend the proposed rules to the PDA. With that, the rules were presented to and approved by PDA at their meeting on April 20, 2018. The rules were published in the August 9, 2018 Rules Register and a public hearing was held on September 12, 2018. There were no members of the public present at the hearing and no written comments were received, therefore, no changes were made to the initial proposed rules as approved by PDA on April 20, 2018.

The Division of Ports and Harbors recommends that the PDA Board of Directors approve the filing of the Final Proposal-Fixed Text with the Director of Legislative Services to readopt Pda 400 Rules as presented pursuant to RSA 541-A:12.

NEW HAMPSHIRE DRAFTING AND PROCEDURE MANUAL

APPENDIX II-G

COVER SHEET FOR FINAL PROPOSAL

Notice Number 2018-140 Rule Number Pda 400

<p>1. Agency Name & Address: Pease Development Authority Division of Ports and Harbors 555 Market St. Portsmouth, NH 03801</p>	<p>2. RSA Authority: <u>RSA 12-G:42, X (b)</u></p> <p>3. Federal Authority: <u>N/A</u></p> <p>4. Type of Action:</p> <p><input type="checkbox"/> Adopt</p> <p><input type="checkbox"/> Amendment</p> <p><input type="checkbox"/> Repeal</p> <p><input type="checkbox"/> Readoption</p> <p><input type="checkbox"/> Readoption w/amendment</p>
--	---

5. Short Title: **Rules regarding duties of Harbor Masters and Assignment of Harbor Master areas.**

6. Contact person for copies and questions:

Name: Geno J. Marconi	Title: Division Director
Address: 555 Market St. Portsmouth, NH 03801	Phone #: 603-436-8500

7. Yes No Agency requests review by Committee legal staff in the Office of Legislative Services and delayed Committee review pursuant to RSA 541-A:12, I-a.

8. The rulemaking notice appeared in the Rulemaking Register on August 9, 2018

**SEE THE INSTRUCTIONS--PLEASE SUBMIT ONE COPY OF THIS COVER SHEET AND ONE COPY OF THE FOLLOWING:
(optional to number correspondingly)**

9. The "Final Proposal-Fixed Text," including the cross-reference table required by RSA 541-A:3-a, II as an appendix.

10. Yes N/A Incorporation by Reference Statement(s) because this rule incorporates a document or Internet content by reference for which an Incorporation by Reference Statement is required pursuant to RSA 541-A:12, III.

11. Yes N/A The "Final Proposal-Annotated Text," indicating how the proposed rule was changed because the text of the rule changed from the Initial Proposal pursuant to RSA 541-A:12, II(d).

12. Yes N/A The amended fiscal impact statement because the change to the text of the Initial Proposal affects the original fiscal impact statement (FIS) pursuant to RSA 541-A:5, VI.

NEW HAMPSHIRE DRAFTING AND PROCEDURE MANUAL

INSTRUCTIONS FOR THE COVER SHEET FOR FINAL PROPOSAL

The first and second unnumbered items, and Items 1 through 5, shall be completed with the same information as appeared in the “Rulemaking Notice Form” (Appendix II-C) as published for the Initial Proposal in the Rulemaking Register. Item 6 shall identify the name, title, address, and telephone number of the person in the agency who can answer questions about the proposed rule and supply copies.

The agency shall then indicate, by checking the appropriate box on Item 7, whether it is requesting that it receive and respond to comments of the Committee legal staff prior to the Committee meeting that is at least 28 days, but not more than 60 days, after the proposal is filed. In effect, this would be a request for postponement of Committee action. See RSA 541-A:12, I-a and Section 2.14 of Chapter 3 in the Drafting and Procedure Manual for Administrative Rules (Manual).

In Item 8 the agency shall list the full date, by month, day, and year, on which the “Rulemaking Notice Form” was published in the Rulemaking Register.

Items 9 through 12 all relate to required attachments to the “Final Proposal Cover Sheet”. PROVIDE ONE COPY OF EVERYTHING SUBMITTED. IT IS OPTIONAL TO NUMBER THEM ACCORDINGLY. Item 9 is required in every filing, and therefore is listed without a check-box. Items 10 through 12 will be required only under the circumstances set forth in the description of the items listed below. The agency shall determine whether such attachment is required and then check either the “Yes” box to indicate that the document is required and has been attached or the “N/A” box if the document is not required and therefore not applicable:

- Item 9. The “Final Proposal—Fixed Text,” required by RSA 541-A:12, II(b). See also Section 2.12 of Chapter 3 in the Manual. Include the cross-reference table required by RSA 541-A:3-a, II as was done for the Initial Proposal. See Section 2.4 of Chapter 3 in the Manual.
- Item 10. An “Incorporation by Reference Statement” (Appendix II-H) if the agency has incorporated a third-party document or Internet content by reference for which such a statement is required pursuant to RSA 541-A: 12, III. See Section 3.12 of Chapter 4 in the Manual.
- Item 11. The text of the final proposal annotated to reflect how the text of the Final Proposal differs from the text of the Initial Proposal, if the text has changed during the public hearing and comment process. See RSA 541-A:12, II(e) and Section 5.4 of Chapter 4 in the Manual.
- Item 12. The amended fiscal impact statement obtained from the Legislative Budget Assistant if, as a result of the public hearing and comment process, a change has been made to the rule which affects the original fiscal impact statement. See RSA 541-A:5, VI and Section 2.11 of Chapter 3 in the Manual.

Readopt Pda 400, effective 1-1-11 (Document # 9829), to read as follows:

CHAPTER Pda 400 HARBOR MASTERS

PART Pda 401 DEFINITIONS

Pda 401.01 "Channel", except as used in Pda 402.05(b), means the deeper part of a river, harbor or estuary, whether naturally occurring or maintained by the state or the United States Department of the Army Corps of Engineers, and which is kept open for navigation and other purposes, including mooring fields, dredging, or navigation aids.

PART Pda 402 DUTIES

Pda 402.01 Duties of Chief Harbor Master. The chief harbor master, subject to the supervision of the authority and the division director, shall:

- (a) Perform the duties listed in RSA 12-G:50, I;
- (b) Supervise the deputy chief harbor master, harbor masters and assistant harbor masters; and
- (c) Assign harbor areas to harbor masters in accordance with Pda 402.05.

Pda 402.02 Duties of Deputy Chief Harbor Master. The deputy chief harbor master shall:

- (a) Perform the duties listed in RSA 12-G:50, II;
- (b) Assist the chief harbor master in the performance of the chief harbor master's duties, as assigned by the authority, the division director, or the chief harbor master; and
- (c) Keep such records as required by the division relating to duties performed under Pda 500.

Pda 402.03 Duties of Harbor Masters. A harbor master shall:

- (a) Perform the duties listed in RSA 12-G:50, III;
- (b) Assist the chief harbor master or the deputy chief harbor master in the performance of the chief harbor master's or deputy chief harbor master's duties, as assigned by the authority, the division director, the chief harbor master or the deputy chief harbor master; and
- (c) Keep such records as required by the division relating to duties performed under Pda 500.

Pda 402.04 Duties of Assistant Harbor Masters. An assistant harbor master shall:

- (a) Assist the chief harbor master, the deputy chief harbor master, or any harbor master in the performance of the chief harbor master's, deputy chief harbor master's or harbor master's duties, as assigned by the division director, the chief harbor master, or the deputy chief harbor master;
- (b) Notify the chief harbor master, the deputy chief harbor master, or a harbor master of any violations of any provision of RSA 12-G or the rules of the authority adopted under RSA 12-G; and
- (c) Keep such records as required by the division relating to duties performed under Pda 500.

Pda 402.05 Assignment of Harbor Areas. The chief harbor master shall designate a harbor master for each of the following areas for the purposes of administration and enforcement of RSA 12-G and Pda 400:

(a) The Portsmouth area, which shall include that portion of Portsmouth Harbor lying within Little Harbor, Sagamore Creek, the Piscataqua River within the boundaries of the state to the I-95 Bridge and seaward to a line from Odiorne's Point to flashing buoy no. 2;

(b) The Back Channel area, which shall include the body of tidal waters between the 2 New Castle bridges, so-called, and Goat Island and Shapleigh Island to the north, and the Wentworth Hotel bridges, so-called to the south, the body of water being bordered by the town of New Castle to the east, and Sagamore Creek to the Sagamore bridge, the city of Portsmouth and the town of Rye to the west;

(c) The Great Bay and Little Bay area, which shall include all state tidal waters within the boundaries of the state from the I-95 Bridge to waters of Great Bay and waters adjacent to the towns of Dover, Durham, Newmarket, Newfields, Exeter, Stratham, Greenland, and Newington;

(d) The Rye area, which shall include Rye Harbor, including the navigable channel from the entrance of Rye Harbor seaward to whistle buoy 1B, and that portion of state tidal waters adjacent to the Town of Rye lying landward of a line 200 yards from the shore;

(e) The Gosport Harbor/Isles of Shoals area, which shall include that portion of Gosport Harbor within the boundaries of the state;

(f) The Hampton area, which shall include Hampton harbor, including the waters of Hampton River and seaward from the Hampton - Seabrook bridge to gong buoy no. 4; and

(g) The Seabrook area, which shall include Seabrook Harbor, including the waters of the Blackwater River.

APPENDIX 1


<u>Rule Number</u>	<u>State Statute/Federal Regulation Implemented</u>
Pda 401	RSA 12-G:42, III
Pda 402.01	RSA 12-G:42, III; 12-G:50
Pda 402.02	RSA 12-G:42, III; 12-G:50, II-IV
Pda 402.03	RSA 12-G:42, III; 12-G:50, III, IV
Pda 402.04	RSA 12-G:42, III; 12-G:50, IV
Pda 402.05	RSA 12-G:42, III

MOTION

Director Levesque:

The Pease Development Authority Board of Directors hereby approves of and consents to the Right of Entry (“ROE”) with Juliet Marine Systems, Inc. (“Juliet”) for the use of the facilities at the Market Street Terminal for the purpose of hauling out of the water by crane, storing and loading onto a ship, a 60’ vessel; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated October 9, 2018, attached hereto.

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To: Pease Development Authority, Board of Directors (“PDA”)
From: Geno Marconi, Director 
Date: October 9, 2018
Subject: Juliet Marine Systems, Inc., Right of Entry, Market St. Terminal

The Division of Ports and Harbors (“Division”) has received a request from Juliet Marine Systems, Inc. (“Juliet”) for a Right of Entry (“ROE”) to use the facilities at the Market St. Terminal (the “Premises”) for the purpose of hauling out of the water by crane, storing and loading onto a ship, a 60’ vessel known as “ the Ghost boat.”

The Division recommends that the PDA approve a ROE subject to the following terms and conditions:

PREMISES: Market St. Terminal, 555 Market St., Portsmouth, NH

PURPOSE: Haul out, storage and loading of vessel

TERM: October 1, 2018-April 30, 2019

DOCKAGE: As applicable under the Terminal Charges, invoices will be issued at the time of service

WHARFAGE: \$350 inbound/\$350 outbound

STORAGE: \$1800 (\$30 per foot) for the term of the agreement

INSURANCE: Minimum insurance coverage to include commercial general liability in a minimum amount of \$2,000,000, automobile coverage in the amount of \$1,000,000, longshoreman’s and harbor workers compensation act coverage and workers compensation coverage to statutory limits as the same may be required or appropriate in connection with the individual operations of each entity doing business on state property. Coverage amounts and types may change from time to time contingent upon the nature and scope of operations.

MOTION

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

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 consideration of the acquisition, sale or lease of property.

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MOTION

Director Loughlin:

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 June 21, 2018 meeting related to:

1. Acquisition, sale or lease 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 Executive Committee the aforesaid circumstances no longer apply.

Note: This motion requires 5 Affirmative Votes

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