

PEASE DEVELOPMENT AUTHORITY
Thursday, October 17, 2019

PUBLIC AGENDA

Time: 9:00 a.m. - BOARD OF DIRECTORS' MEETING

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

AGENDA

- I. Call to Order:
- II. Acceptance of Meeting Minutes: September 19, 2019 *
- III. Public Comment:
- IV. Committee Meetings:
 - A. Reports:
 1. Audit Committee Agenda *
- V. Old Business:
 - A. Approval:
 1. Lonza Biologics, Inc. – Second Freezer Building Concept Plan * (Torr)
- VI. Finance:
 - A. Reports:
 1. FY 2020 Financial Report for the Two Month Period Ending August 31, 2019 *
 2. Cash Flow Projections for the Nine Month Period Ending June 30, 2020*
 - B. Approvals:
 1. Certified Annual Financial Statements and the Uniform Guidance Audit of Federal Awards * (Bohenko)
- VII. Licenses/ROE/Easements/Rights of Way:
 - A. Reports:
 1. Right-of-Entry – NH Employment Security use of 360 Corporate Drive and 100 New Hampshire Avenue for overflow parking *
 2. Right-of-Entry – NECI use of 360 Corporate Drive for overflow parking *
 - B. Approvals:
 1. Jalbert Leasing, Inc. dba C & J Bus Lines – Parking License (4 lots) * (Allard)
 2. Lonza Biologics - Parking License for 55 International Drive * (Lamson)
 3. VMD Systems Integrators, Inc. – License for space in Airport Terminal * (Levesque)

- VIII. Leases:
 - A. Reports:
 - 1. Sublease between 222 International, Limited Partnership and Speedpro Imaging of Portsmouth *

- IX. Contracts/Agreements:
 - A. Reports:
 - 1. Environmental Contract Report regarding Permit Implementation *
 - B. Approvals:
 - 1. VHB - Transportation Planning and Engineering Services * (Torr)
 - 2. Chadwick Baross, Inc. - Snow Plow / Box Blade * (Allard)
 - 3. Fred C. Church, Inc. – PDA Worker’s Compensation Coverage* (Loughlin)
 - 4. Terminal Expansion Project Cost Update *** (Bohenko)

- X. Executive Director’s Reports/Approvals
 - A. Reports:
 - 1. Golf Course Operations
 - 2. Airport Operations
 - a) Portsmouth International Airport at Pease (PSM)
 - (i) Dan Fortnam – Exercise of Option to Consulting Agreement
 - b) Skyhaven Airport (DAW)
 - c) Noise Line Report *
 - B. Approvals:
 - 1. Bills for Legal Services * (Bohenko)
 - 2. Manager Airport Administration * (Lamson)

- XI. Division of Ports and Harbors:
 - A. Reports:
 - 1. PDA Port Committee Minutes of April 4, 2019 *
 - 2. Port Authority Council Minutes of June 12, 2019 *
 - 3. Granite State Minerals – License Extension – 2nd of Four One (1) year Options *
 - 4. Isle of Shoals Steamship Company/City of Portsmouth – Parking Agreement *
 - B. Approvals:
 - 1. Appledore Marine Engineering Proposal for Seawall Repair at Portsmouth Commercial Fish Pier * (Levesque)
 - 2. Pepperrell Cove Marine Services, Inc. Contract for Mooring Removal and Re-installation work in Hampton and Seabrook Harbors * (Loughlin)

- XII. Non-Public Session * (Torr)

- XIII. Adjourn from Non-Public Session/Return to Public Session

- XIV. Vote of Confidentiality * (Allard)

XV. New Business:

XVI. Upcoming Meetings:

Golf Committee	November 18, 2019 @ 8:30 a.m.
Finance Committee	November 18, 2019 @ 9:00 a.m.
Board of Directors	November 21, 2019 @ 8:00 a.m.

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

XVII. Directors' Comments

XVIII. Adjournment

XIX. Press Questions

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

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

Thursday, September 19, 2019

Presiding: Kevin H. Smith, Chairman
Present: Peter J. Loughlin, Vice Chairman; Robert A. Allard, Treasurer; Margaret F. Lamson; Neil Levesque and Franklin G. Torr
Late Arrival: John P. Bohenko arrived to the meeting at approximately 8:25 a.m.
Attending: David R. Mullen, Pease Development Authority ("PDA") Executive Director; Paul E. Brean, PDA Deputy Director and Airport Director; Lynn M. Hinchee, General Counsel; PDA staff members; members of the public.

I. Call to Order:

Chairman Smith ("Smith") called the meeting to order at 8:04 a.m. in the Board conference room on the Pease International Tradeport at 55 International Drive, Portsmouth, New Hampshire.

II. Acceptance of Meeting Minutes: August 22, 2019

Director Loughlin moved and Director Allard seconded that **the Pease Development Authority Board of Directors hereby accept the minutes of the August 22, 2019 Board meeting.**

Discussion: Director Lamson ("Lamson") abstained from voting on the minutes as she was not in attendance at the meeting, but rather attended telephonically.

Director Torr ("Torr") complimented Raeline on the intuitiveness of the minutes; Lamson indicated they are outstanding and PDA is lucky to have her; Smith reiterated Lamson sentiments.

Disposition: Resolved by unanimous vote for; motion carried.

III. Public Comment:

There was no public comment.

IV. Old Business:

A. Approvals:

1. Lonza – (Parking Garage and Iron Parcel)

Director Allard moved and Director Loughlin seconded that **the Pease Development Authority Board of Directors hereby approves of Lonza Biologics, Inc.'s ("Lonza") revised conceptual plan to convert one of the parking garages at 70/80 Corporate Drive to a central utility building and to add four floors (total of seven) to the second parking garage to replace the lost spaces; all in accordance with the terms and conditions set forth in the memorandum of Maria J. Stowell, P.E., Manager - Engineering, dated September 10, 2019.**

Discussion: Lamson complimented Maria with the clarity of the information provided.

Smith welcomed the Lonza representatives Simon Trigg (Trigg) and Mark Caswell (Caswell), and asked if there was anything they would like to speak to; Trigg indicated that unless there were any questions they can talk through any changes being proposed.

Executive Director Mullen (“Mullen”) directed the Board to two (2) large plans (ledger sized hand-outs were provided to the Board members) indicating the change to what has already been approved. Pointing to two (2) blue buildings on plan and indicated both were supposed to be four (4) floor parking garages, now the blue building (pointing to the building in the forefront) has been converted to a utility building to support the entire campus. Mullen further indicated that PDA staff believed the change was significant enough to warrant the approval from the Board.

Allard asked if the parking garage was going to be three (3) more stories; Mullen affirmed and stated it will be seven stories, total.

Mullen indicated that Phase I would consist of the blue areas; Phase II would consist of the purple areas; and Phase III would consist of the yellow areas. Allard asked when construction would begin. Mullen asked Lonza representatives for best guess and Caswell indicated that Lonza is in the process of permitting now and having some struggles with getting the permits. Caswell indicated that when permits are approved will start construction around the land itself and then the building will be based on customer need and demand so sometime shortly thereafter.

Allard asked about completion date, roughly; Mullen indicated that Lonza has some projection dates. General Counsel Lynn Hinchee (“Hinchee”) indicated that this is a deal that is [scheduled a lease structure itself anticipated from the date of lease signing of two years and nine months to occupancy]. It is a long term structure because of not only the permitting required in advance of construction, but all the inspections that accompany it.

Mullen indicated the anticipated schedule would be in phases with Phase 1 (3 to 5 years to completion); Phase II (5 to 10 years to completion) and Phase III (10 to 15 years to completion). Mullen further stated that Lonza needed to know it would have capacity in order to support future needs. Mullen indicated that the “iron parcel” encompasses twenty-three (23) acres, that Lonza also has an option on the PDA parcel which is about ten (10) acres, so when it is all said and done Lonza would control approximately fifty-four (54) acres.

Loughlin asked if Lonza needed any height variance – assumed this is permitted by ordinance. Mullen indicated it does and has been reviewed by the City and it has not changed, it is one hundred twenty (120) feet (Mullen points to a line on the plan). Lonza’s floors are much taller than conventional floors in order to support its operations; they are thirty foot (30’) stories instead of ten (10) or twelve (12) foot stories.

Lamson indicated she loves the penthouse indicated on the design.

Smith asked if there were any additional questions or comments from the Board, none heard. Smith indicated that the Board has been kept abreast on the permitting process by Mullen and Hinchee and that it is the goal of the PDA Board to see this project move forward. Smith, as the Governor's appointee on the Board, noted the Governor very much wants to see this project to continue to move forward and that the State is very intent on helping this come to fruition.

Disposition: Resolved by unanimous vote (6 – 0; Director Bohenko had not yet arrived to the meeting) for; motion carried.

V. Finance:

A. Reports:

1. FY 2020 Financial Report for the Period Ending July 31, 2019

Finance Director Irv Canner ("Canner") indicated that the numbers are very light and premature where this is only the first month in the new fiscal year; no obvious trends (negative or positive) at this time. PDA's auditors, Berry Dunn, completed its work last week after being at PDA for approximately three and a half days. Now they have the review process (additional partner review and independent partner review practices) at its offices in Manchester. No audit review findings at this point. There is an Audit Committee meeting on October 15th and the goal is to have the certified financials approved and to the State by November 1st.

As seen every July, August and September, PDA shows an impact of the accrual process (PDA keeps its books open in an effort to capture FY19 invoices). PDA has slow paying/billing vendors; PDA has an aggressive accrual process that keeps the books open until the early part of August before the auditors come in. Historically PDA shows underruns in operating expenses during the first couple of months of the FY.

Given the condition of the Portsmouth Fish Pier there were no fuel sales (now and the foreseeable future). Not only is it a loss of sales but an avoidance of the cost of fuel.

With respect to fee revenues, golf fees represented just over 63% and then golf membership fees. The success of the Golf Course is through golf fees (non-member play) being a significant portion as PDA moves forward throughout the year.

PDA staffing is at 154 employees as of the end of July of which there are 61 benefited positions (16 salaried and 45 hourly benefited positions); the number of employees as of today being 157. Lamson asked where PDA is at with its seasonal employees; Irv indicated 68 seasonal employees as of the end of July. As of September 19th, seasonal employees is 71, but in the process of ramping that down.

The organizational chart incorporates the IT Director (authorized position) and Assistant Director of Finance (transitional position) that have been discussed over the last several months. Both positions are posted and interviews for the Assistant Director of Finance have been scheduled. Regarding the Airport, Paul Brean's title has been updated and the Trusted Agent

position has been filled from within. The organization chart shows 61 filled positions and 5 open positions.

Anticipate that May of next year will need to utilize the Revolving Line of Credit (RLOC) due to the construction work activity with the terminal and runway.

Enplanements through end of July are up over 35% (total of 79,748), pay-for-parking and fuel flowage (which were both incorporated last year) and have contributed to the revenue stream just over \$800,000 for last year. Skyhaven had small activity and projecting an underrun for this of approximately \$57,000 and at this point no emerging trends.

Tradeport showed operating revenue / expenses of \$1.1 million dollars.

Director Lamson asked about consumption of electricity for this year. Canner indicated that an RFP had been put out last year and it comes up for maturity in October. The current rate is just under 7.5 cents/kw hour, PDA is planning on rebidding it when maturity comes up. The PDA consumption continues to be 3.3 million kw hours which remains consistent. PDA is in constant communication with provider in an effort to obtain the best rate.

With respect to golf the operating revenues were higher than anticipated; the rounds of golf played is approximately 7% ahead of last year (31,000 rounds) with the growth in the non-member play. Fiscal year-end numbers for the simulators (\$133,000) and Grill 28 (\$1.9 million) ended 6% to 7% above the previous year.

Port Authority is positive through July as operating income of \$49,000 is less than budgeted, but the timing differences affected the port.

The Revolving Loan Fund (RLF) is a grant which had been received a number of years ago in the amount of \$810,000, dedicated to the fishing industry. With respect to managing it, PDA received the EDA's approval for its RLF plan. This is a big step as it has to be reviewed every five years and PDA has been able to retain the funding relationship PDA has with the bank (75/25). Meaning when a participant applies for funding 25% would come out of the RLF and 75% comes out of the Provident Bank. (**Note:** Canner incorrectly stated contribution percentages as it is 25% funded from bank and 75% from RLF.) Previously there had been discussion that those ratios might have to change but PDA was successful in getting them to remain.

2. Cash Flow Projections for the Nine Month Period Ending May 31, 2020

Through the end of May the impact of the terminal expansion and runway reconstruction cost numbers are going to dominate our discussions during the fiscal year. During the next nine months, looking under use of funds, looking at capital expenditures will total approximately \$10.3 million which will be offset by grant money of \$1.5 million. The pressure is close to \$9 million dollars on PDA's cash flow to support the terminal projects. The terminal is underway and anticipate signing the contract for the runway construction in the next couple of months. Given that information it is anticipated that cash balances will decrease by approximately 86% in order

to fund those projects. Consistent with discussions, come late April / May we will need to utilize the RLOC.

Division of Ports and Harbors DPH shows consistency (mooring season DPH receives a significant amount of its revenues); chart further showing a decrease over this period which is consistent with the cash flow of the Port.

VI. Licenses/ROE/Easements/Rights of Way:

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

A. Reports:

1. Right-of-Entry – NH DES to enter upon the premises located at 360 Corporate Drive for overflow parking

Mr. Mullen indicated that NH DES has been granted a Right of Entry to use the premises located at 360 Corporate Drive for overflow parking on September 18, 2019 for use as overflow vehicle parking as part of a joint training exercise with the U.S. Coast Guard.

2. Right-of-Entry – U.S. Department of State – Active Shooter Training

Mr. Mullen indicated that the U.S. Department of State has been granted a Right of Entry for the purpose of vehicle parking and command/response post staging, as well as to employ traffic control measures (which may include road closure) on a portion of International Drive in the vicinity of 207 International Drive (the National Passport Center), relating to an active shooter training exercise involving first responder entities, to be conducted within the National Passport Center at 207 International Drive, Portsmouth, New Hampshire, and the National Visa Center, 32 Rochester Avenue, Portsmouth, New Hampshire, on September 19, 2019, and for no other use.

VII. Leases:

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

A. Reports:

1. Sublease between 231 Corporate Drive, LLC and University of New Hampshire

Mr. Mullen indicated that 231 Corporate Drive, LLC (f/k/a Kingsbarns, LLC) entered into a sublease with the University of New Hampshire (“UNH”) for 2,643 square feet within the leased premises at 231 Corporate Drive, for a period of sixty (60) months, with an effective date of September 1, 2019. UNH will use the premises for classroom and any customary accessory uses. Director Lamson approved the sublease.

2. Sublease between One New Hampshire Avenue, LLC and PrimeLending

Mr. Mullen indicated that One New Hampshire Avenue, LLC entered into a sublease with PrimeLending (“Prime”) for 1,968 square feet within the leased premises at One New Hampshire Avenue, for a period of three (3) years, with an effective date of October 1, 2019. Prime will use the premises for general office and related uses. Director Lamson approved the sublease.

3. Shaines & McEachern Company Portsmouth – Exercise its second five (5) year option to extend sublease to September 30, 2025

Mr. Mullen indicated that Shaines & McEachern Company Portsmouth has exercised the second of four (4) five (5) year options for property located at 282 Corporate Drive to extend its sublease to September 30, 2025.

VIII. Contracts/Agreements:

In accordance with Article 3.9.1.1 of the PDA Bylaws, Mr. Mullen reported as follows:

A. Reports:

1. aboutGOLF – Purchase of supplies for Golf Simulators

Mr. Mullen indicated that Director John Bohenko authorized the purchase of supplies for the golf simulator in the amount of \$3,192.00. Director Bohenko granted his consent to this request on August 19, 2019.

NOTE: Director Bohenko arrived to the meeting at approximately 8:25 a.m.

B. Approvals:

1. aboutGOLF – Three (3) year subscription

Director Bohenko moved and Director Allard seconded that **the Pease Development Authority Board of Directors approves of and authorizes the Executive Director to enter into an agreement with aboutGOLF in a total amount not to exceed \$16,500.00 for the purchase of a three (3) year subscription for the three (3) Pease Golf Course simulators for use at the Pease Golf Course; all in accordance with the memorandum of Scott DeVito, PGA General Manager, dated September 5, 2019.**

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

- **The aboutGOLF hardware and software is unique to that company; and**

- **Going out to bid for software options would require PDA Golf Course to have to purchase a new company's hardware to operate its system.**

Note: This motion requires 5 affirmative votes.

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

2. 14 Person Passenger Bus – ADA Compliant

Director Lamson moved and Director Torr seconded that **the Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into an agreement to purchase a fourteen (14) passenger bus that complies with the Americans with Disabilities Act (“ADA”) from Alliance Bus Group Inc., College Park, GA (Branch in Hudson, NH) for a price not to exceed \$71,997.00; all in accordance with the memorandum of Ken Conley - Fleet Manager, dated September 10, 2019.**

Discussion: Lamson indicated it is needed; Mullen indicated that the current bus is 18 years old and it was used when PDA received it. Smith indicated that he doesn't have a problem with approving the request. However, he asked if any dealership had been approached about donating a vehicle that would be in compliance. PDA Deputy Director/PSM Airport Director Paul Brean (“Brean”) indicated that PDA did work with local vendors but didn't ask for a contribution; however, if he would like to hold off PDA could make some calls. Smith doesn't want to hold it as it sounds like bus is needed. Wondered if prior to the money being expended local dealers could be approached to see if they may have surplus vehicles on the lot -- it would be a tax write-off for a dealership.

Director Bohenko (“Bohenko”) asked if the State bid list had been reviewed for vans, the City uses the State bid list for cars. Brean indicated that a 14 passenger was not recognized on the State bid list.

Lamson indicated that Brean covers every angle; Brean further stated that Ken does a great job on fleet and values a dollar.

Disposition: Resolved by unanimous vote for; motion carried.

IX. Signs:

In accordance with the “Delegation to Building Inspector: Consent and Approval of Minor Revisions to Existing Signs” Mr. Mullen reported as follows:

A. Reports:

1. Purchase of Optima Bank by Cambridge Trust Bank

Mr. Mullen reported that PDA has approved a minor signage change to replace the Optima Bank signage on the building, the directional sign and the monument sign at property located at 20 International Drive. This change is a result of the recent purchase of Optima Bank by

Cambridge Trust. Director Loughlin granted his consent to this request on September 3, 2019.

X. Executive Director's Reports/Approvals:

A. Reports:

1. Golf Course Operations

Golf Course General Manager Scott DeVito (DeVito) indicated that aeration of the greens has been done and they are fully recovered. A new fairway aerator was brought in at the beginning of the year so staff is working on preparing the equipment and scheduling aeration of the tees and fairways. As indicated by Canner the first couple of months of the season the golf course had record back-to-back months (10,000+ rounds each month) for a total of just under 21,000 rounds for the months of July and August. Still have twelve (12) events (ranging from 40 to 120 players) left with the last being held on October 19th. Prepping the applications for season pass renewals which will go out by the end of the month.

2. Airport Operations

a) Portsmouth International Airport at Pease (PSM)

Brean indicated a robust month at the terminal, roughly 8,500 enplanements for the month bringing total to roughly 90,000 for the year. Summer destinations panned out well although Savannah was a little light on its load factor from the reverse market side of things. A meeting is scheduled in October with Allegiant to emphasize the success of the reverse market in the summer months and the summer destinations at the airport. Brean is optimistic that PSM will have another destination to a unique spot next summer.

Fuel flowage was very strong for the month of August (approximately 1.1 million gallons) primarily based on the heavy operations with the Antonov, Military and Atlas troop flights.

Revenue parking for August, which is usually quiet, was somewhat strong with approximately 780 passengers parking their vehicles for more than five (5) days at the airport terminal. Since January, PSM revenue parking is above forecasted budget.

On the security front, PSM has been awarded an Explosive Trace Detection (EDT) X-ray machine for the baggage screening facility, currently the PSM TSA team hand checks bags. Brean indicated that the PSM team has been justifying the need for this piece of equipment for approximately three years and anticipates having the ETD in place before the heavy season starts. Bohenko asked the value of the equipment if it were purchased; Brean indicated millions. Brean further stated that it is in a crate in Texas awaiting shipment here.

Brean spoke with the branch manager for the new car rental concession (Deal Rent-A-Car) who indicated that 60% of its customers were not planning on booking a vehicle when they arrived at PSM (were going to either Uber, Lyft or use an offsite car rental company). This was good news as this indicates this is money that was not getting captured in the terminal, meaning they are attracting the customer last minute.

b) Skyhaven Airport (DAW)

Brean indicated that there isn't much to report at Skyhaven. He has been in discussions with some flight schools about utilizing Skyhaven as an inflight cross country training classroom. This would be for students that come out of other airports and have to go to a cross country destination and they could be welcomed at Skyhaven to do the inflight briefing.

c) Noise Line Reports *

There were a total of four (4) noise inquiries in August, 2019. The four (4) inquires were for rotor-wing aircraft (from two residences - one from Portsmouth, NH and the other from Kittery Point, ME). The inquiry from Portsmouth was concerning a helicopter doing aerial photography and the Kittery Point inquiry was that it was flying too low over the harbor.

Bohenko asked if one morning there were F16s at PSM; Brean affirmed. Brean further indicated that was a squadron seeking shelter from the hurricane down south. They were serving a mission and came up to Portsmouth and then crossing over to Atlantic. However, there had been an issue with the aircraft carrier they were destined for so they had to divert back. Brean stated that usually the Guard is good about providing information to the communities but this was an emergency so had little notice. Bohenko mentioned it was early morning; Lamson indicated it was approximately 3 a.m.; Brean stated that the F16s were fueled up for the mission so they were full of fuel and had to use its afterburners.

Bohenko further questioned about several touch and goes; Brean stated that was for a US Air Force 747 with blue and white colors. Bohenko asked if it was for training; Brean affirmed.

Lamson asked if Brean would relay to the Colonel at the Guard that it would be nice if there was communication when training takes place so people would understand; Brean indicated that the Guard is typically good about getting communications out to the public of scheduled activity, but he will relay the request.

Smith indicated to Lamson that there were no noise complaints in July (Lamson had not been in attendance at the July meeting).

B. Approvals:

1. Bill for Legal Services

Director Levesque moved and Director Torr seconded that **the Pease Development Authority Board of Directors authorizes the Executive Director to expend funds in the total amount of \$26,635.18 for legal services to the Pease Development Authority.**

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

XI. Division of Ports and Harbors:

Geno J. Marconi ("Marconi), Division Director of the Division of Ports and Harbors

(“DPH”), reported on Division activities, and the reports before the Board represent the current business at the DPH.

A. Reports:

1. Right-of-Entry – Rye Harbor Marine Facility, Charter Boat M/V Utopia

Marconi indicated that Captain Jack Farrell with the Charter Boat M/V Utopia requested to enter into a Right-of-Entry for use of the facilities at the Rye Harbor Marine Facility in association with its charter business from September 6, 2019 to September 30, 2019. Marconi further indicated that this is a contracted boat that works for Star Island and operates out of the Portsmouth dock. There was an event coming up and the charter boat out of Rye Harbor that goes to Star Island couldn't handle it. In order for the Utopia to go to Rye Harbor (they were getting paid by the people on the boat, not by Star Island) it was necessary to have them get a Right-of-Entry and provide a certificate of insurance.

Director Allard asked how the wall (Portsmouth Fish Pier) is coming. Marconi indicated that it is no longer moving; pilings were installed on an angle and an angle iron was welded to it which stopped the movement of the wall. When the cooler was built in the 70s it had two doors in it; in the 80s when the Fishermen's Coop had the lease of the property they added on to the building and removed the second door (covered over with plywood) facing towards Peirce Island. Found a company out in Minnesota and purchased a 10' x 10' cooler door so the second door has been opened back up and the cooler door hung. It is an inconvenience to the fishermen as they have to go around the building to get to the hoist to put the bait on the boat but it is the safest thing to do. Allard further asked if it is a safe condition; Marconi affirmed. Marconi indicated where they are working is safe, that they have continued to monitor the hole because the dirt in the hole (prior to the pilings being put it) had been washing out, it seems a little more stable now. DPH's concern now is the meter on the corner of the building.

B. Approvals:

1. Burge Dock – Guide Pile Replacement

Director Allard moved and Director Torr seconded that **the Pease Development Authority Board of Directors approves of and authorizes the Executive Director to accept the proposal from Riverside & Pickering Marine Contractors to remove and replace the six (6) guide pilings at the Burge Wharf, located on the south end of the Market Street Marine Terminal, in an amount not to exceed \$11,500 as an emergency expenditure from the Harbor Dredging and Pier Maintenance Fund; all in accordance with the Memorandum of Geno J. Marconi, Division Director, dated September 11, 2019.**

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

2. Initial Proposed Schedule of Fees: Commercial Piers and Associated Facilities

Director Torr moved and Director Allard seconded that **the Pease Development Authority Board of Directors hereby approves of the Initial Proposed Schedule of Fees: Commercial Piers and Associated Facilities, and authorizes the Division Director to take any necessary or recommended action in furtherance of this matter; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated September 10, 2019.**

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

3. Right-of-Entry Extension - Juliet Marine

Director Bohenko moved and Director Allard seconded that **the Pease Development Authority Board of Directors at its meeting of May 16, 2019, approved a Right-of-Entry (ROE) to Juliet Marine Systems, Inc. ("Juliet") for the use of the facilities at the Market Street Terminal for the purpose of storage and loading of a vessel; Juliet is now requesting an extension of the original ROE through April 30, 2020.**

The Pease Development Authority Board of Directors hereby approves of and consents to the extension of Juliet Marine Systems, Inc.'s Right-of-Entry; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated September 10, 2019.

Discussion: Director Levesque indicated that the cadets, on the Eagle Tall Ship, were very impressed by this Ghost boat located at the Market Street Terminal. Marconi indicated that you can watch how the Ghost boat moves over the water if you Google it, a YouTube video comes up.

Disposition: Resolved by unanimous vote for; motion carried.

4. Right-of-Entry Extension - Riverside and Pickering Marine Contractors at Market Street Terminal for Buoy Project

Director Loughlin moved and Director Lamson seconded that **the Pease Development Authority Board of Directors at its meeting on May 16, 2019 was a Right-of-Entry requested by Riverside & Pickering Marine Contractors for use of ½ (one-half) acre of laydown area and non-exclusive use of the Barge Dock at the Market Street Terminal for the "Buoy Project", Riverside & Pickering Marine Contractors is now requesting an extension of the original Right-of-Entry through December 31, 2019;**

The Pease Development Authority Board of Directors hereby approves of and consents to the extension of the Riverside & Pickering Marine Contractors Right-of-Entry to allow more time for completion of their project; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated September 10, 2019.

Discussion: Marconi informed the Board that it is the Healy Wave Energy project. This is an offshore buoy that will be floated to the permitted aquaculture site UNH has south of the Isles of Shoals; the concept is as the floating buoy goes up and down with the waves there is a piston inside that generates electricity. It is an experimental buoy that was developed privately by Healy. If you drive over the Sarah Long Bridge you see the buoy sitting up about 40' in the air. It is an

interesting project which is also affiliated with UNH. Levesque asked what the visual would be; Marconi indicated that what is seen on the dock is the floating part of the buoy. It sits deep in the water making it too big to put in the water at the Terminal so it will be placed on a barge, taken out to the location, picked up and set in the water. It sits about 35' to 40' up in the air; it is an experimental offshore energy generator.

Disposition: Resolved by unanimous vote for; motion carried.

5. Right-of-Entry - Hampton, New England EcoAdventures

Director Levesque moved and Director Allard seconded that **the Pease Development Authority Board of Directors hereby authorizes the Executive Director to complete negotiations and to execute a Right-of-Entry with New England EcoAdventures (“Eco”) for use of an existing 26’ x 20’ building located at Hampton Harbor Marine Facility for use as a retail sales building for ticket sales and souvenirs in support of Eco’s charter business; all in accordance with the terms and conditions set forth in the memorandum of Geno J. Marconi, Division Director, dated September 10, 2019.**

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

6. Final Proposal Pda 500 Rules

Director Torr moved and Director Levesque seconded that **in accordance with the provisions of RSA 12-G:42, X(c) and pursuant to RSA 541-A regarding “[t]he terms, conditions, and procedures under which the division shall issue, suspend, revoke, deny, or approve permits required under this chapter for moorings and state-owned slips”, the Pease Development Authority Board of Directors hereby approves of the filing of the Pda 500 Rules, Moorings and Anchorages, Final Proposal - Annotated Text and authorizes the Division to file the Final Proposed Rules with the Director of the Legislative Services pursuant to RSA 541-A:12.**

Further, the PDA Board of Directors hereby authorizes the Division Director to take any necessary or recommended action in furtherance of this matter, all in accordance with the Memorandum of Geno J. Marconi, Division Director dated September 11, 2019.

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

7. Class II Initial Pilot Appointment – Nicholas Robert Dawes

Director Loughlin moved and Director Torr seconded that **in accordance with Code of Administrative Rules PART Pda 305.02 Pilot Requirements for Initial Appointment as Class I or II Pilot, the Pease Development Authority Board of Directors approves, and authorizes the Executive Director to approve, the initial pilot appointment application of Nicolas Robert Dawes as a Class II Pilot, 150 to 10,000 gross tons, for the pilotage area landward of the line of demarcation including, but not limited to, Portsmouth Harbor and**

the Piscataqua River up to and including Dover Point, New Hampshire; all in accordance with the Memorandum of Geno J. Marconi, Division Director, dated September 17, 2019.

Discussion: Marconi apologized for the late item; stated that Portsmouth Pilots has only two Class A pilots and an apprentice pilot - working his way up. Earlier this week Marconi was informed that one of the Class I pilots will be having surgery. Captain Dawes has enough hours for a Class II pilot and so he has submitted his application it has been reviewed to make sure it meets DPH requirements and the regulations call for this to come before the Board. Captain Dawes has done a great job and before he started with Portsmouth Pilots as an apprentice, DPH saw how he handled things on the river and he is talented.

Disposition: Resolved by unanimous vote for; motion carried.

XII. New Business:

XIII. Upcoming Meetings:

Port Committee	October 03, 2019 @ 8:00 a.m.
Audit Committee	October 15, 2019 @ 8:00 a.m.
Board of Directors	October 17, 2019 @ 8:00 a.m.
Residential Housing Committee	October 17, 2019 @ TBD

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

XIV. Directors' Comments:

XV. Adjournment:

Director Lamson moved and Director Allard seconded to **adjourn the Board meeting**.

Discussion: None. Disposition: Resolved by unanimous roll call vote for; motion carried. Meeting adjourned at **8:55 a.m.**

XVI. Press Questions:

There were no questions from the press who attended the meeting.

Respectfully submitted,



David R. Mullen
Executive Director

PEASE DEVELOPMENT AUTHORITY
Tuesday, October 15, 2019

AUDIT COMMITTEE AGENDA

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

- I. Call to Order (*John Bohenko*)
- II. Acceptance of Committee Meeting Minutes: April 15, 2019 *
- III. Public Comment
- IV. FY 2019 External Audit (*Irv Canner, Renee Bishop, Robert Smalley and Katherine Balukas*)
 - A. Reports
 1. Management Representation Letter *
 2. Executive Summary of Audit Engagement *
 3. Auditor Required Communication Letter *
 - B. Approvals (*Neil Levesque*)* ✚
 1. Certified Financial Statements *
 2. Uniform Guidance Audit of Federal Awards *
- V. Next Meeting- TBD
- VI. Director's Comments
- VII. Adjournment
- VIII. Press Questions

* **Related Materials Attached**
✚ **Proposed Motion**

MOTION

Director Torr:

The Pease Development Authority Board of Directors hereby approves of the amendment to Lonza Biologics, Inc.'s ("Lonza") site plan for 101 International Drive to allow Lonza to expand its existing freezer building with a one-story addition of similar construction of approximately forty-nine hundred (4,900) square feet, all in accordance with the terms and conditions set forth in the memorandum of Maria J. Stowell, P.E., Manager – Engineering, dated October 10, 2019 attached hereto.

N:\RESOLVES\2019\Lonza Concept (Freezer) 10-17.docx

MEMORANDUM

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

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

Date: October 10, 2019

Subject: Freezer Expansion at 101 International Drive (Lonza)

Staff recently met with representatives of Lonza Biologics, Inc. (Lonza) regarding an expansion of its approximately 4900 square foot freezer building at 101 International Drive. Lonza constructed the freezer in 2012 and now has a need for additional capacity. The expansion would be adjacent to the existing freezer located in the rear of Lonza's original building and would be of similar size, shape and construction materials.

Attached are a floor plan showing the addition in red and a photo showing the existing freezer and the proposed expansion area. Because the area is currently paved, there would be no new impervious surfaces constructed for the building. However, there may be a need to reconfigure the driveway resulting in an increased pavement area. We will work with Lonza's engineers to explore treatment of stormwater runoff for the roof of the new structure and provide adequate treatment for any new pavement.

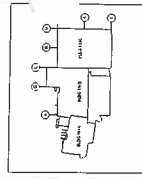
We believe that the freezer addition is appropriate for this location. If approved by the PDA, Lonza will develop plans and apply for Site Review Approval through the Portsmouth Planning Board.

Please present the attached plans to the PDA Board of Directors and request approval of the 101 International freezer building addition as conceptually shown.

LONZA

PROJECT 5147

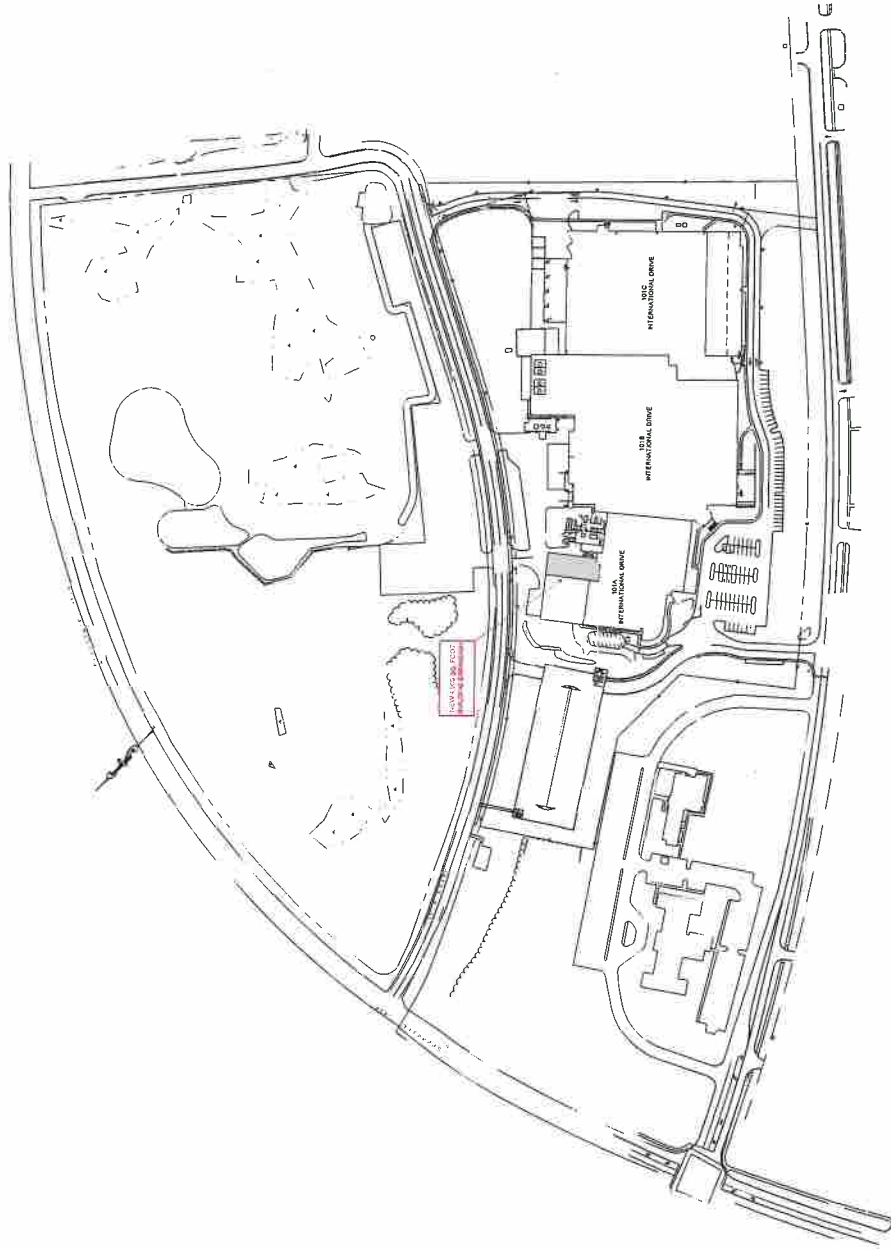
721 ARBOR WAY, SUITE 100
BLUE BELL, PA. 19422
MAD19345.01



09OCT2019

**SITE PLAN
ASK**

DATE: 09OCT2019
REVISION: A

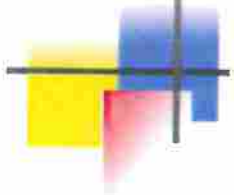


**PRELIMINARY
NOT FOR CONSTRUCTION**

A SITE PLAN - 101 INTERNATIONAL DRIVE



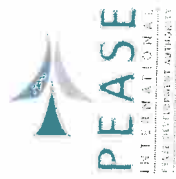




FY 2020 FINANCIAL REPORT FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2019



**BOARD OF DIRECTOR'S MEETING
OCTOBER 17, 2019**



CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES ²

FOR THE TWO MONTH PERIOD ENDING

AUGUST 31, 2019

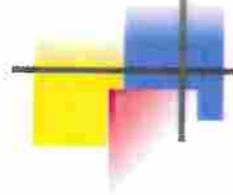
(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
OPERATING REVENUES (PAGE #3)	3,382	3,409	(27)	16,237
OPERATING EXPENSES				
PERSONNEL SERVICES AND BENEFITS (PAGE #4 AND #5)	1,230	1,250	(20)	7,188
BUILDINGS AND FACILITIES MAINTENANCE	314	362	(48)	2,223
GENERAL AND ADMINISTRATIVE (PAGE #6)	239	218	21	1,295
UTILITIES (PAGE #6)	66	106	(40)	716
PROFESSIONAL SERVICES (PAGE #6)	77	28	49	309
MARKETING AND PROMOTION	43	52	(9)	327
ALL OTHER (PAGE #6)	250	292	(42)	1,265
OPERATING INCOME	1,163	1,101	62	2,914
NONOPERATING (INCOME) AND EXPENSE (PAGE #7)	(12)	47	(59)	281
DEPRECIATION	859	1,050	(191)	6,302
NET OPERATING INCOME	316	4	312	(3,669)

BUDGET VARIANCE ANALYSIS

- **OPERATING REVENUES- LOWER BY 0.8 % ...**
- TIMING DIFFERENCES ASSOCIATED WITH RENTAL OF FACILITIES, OFFSET BY INCREASES IN:
 - GOLF FEES- ESCALATION IN NONMEMBER ROUNDS PLAYED
 - CONCESSION REVENUES FROM GRILL 28 SALES
 - CONSUMER PRICE INDEX LESS THAN BUDGETED
 - RYE AND HAMPTON FUEL SALES OFFSET BY PFP FUEL DELIVERY LOSS
- **OPERATING COSTS LOWER BY 3.9 % ...**
 - DPH AND DAW FUEL EXPENSE HIGHER TO OFFSET FUEL SALES AT PORTSMOUTH FISH PIER
 - HEALTH INSURANCE PRELIMINARY RATE STRUCTURE MODIFIED- OPEB IMPACT
 - COMPREHENSIVE FY 2019 YEAR END CUT-OFF PROCEDURES (JULY-AUGUST)

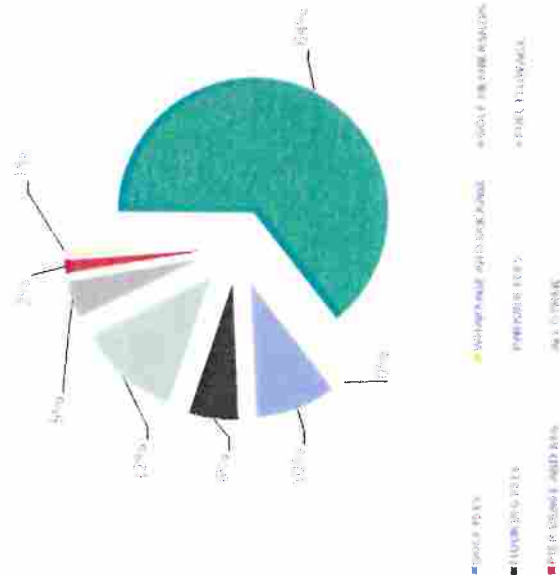
CONSOLIDATED OPERATING REVENUES FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2019



(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VAR	CURRENT YEAR BUDGET
RENTAL OF FACILITIES	1,937	1,952	(15)	10,091
FEE REVENUES (SEE PIE CHART)	978	970	8	4,296
FUEL SALES (SEE TABLE BELOW)	205	257	(52)	914
CONCESSION REVENUE	85	69	17	326
GOLF MERCHANDISE	72	67	5	235
ALL OTHER- NET	104	94	10	375
	3,382	3,409	(27)	16,237

FEE REVENUES YEAR TO DATE



	ACTUAL SALES	BUDGETED SALES	BUDGET VARIANCE	ACTUAL COGS	BUDGETED COGS	BUDGET VARIANCE
PORTSMOUTH FISH PIER	-	128	(128)	-	78	(78)
RYE HARBOR	80	25	55	62	23	39
HARVESTON HARBOR	105	94	11	78	86	(9)
SKYHAVEN AIRPORT	20	11	9	17	9	8
	205	258	(53)	157	196	(39)

CONSOLIDATED PERSONNEL SERVICES AND BENEFITS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2019

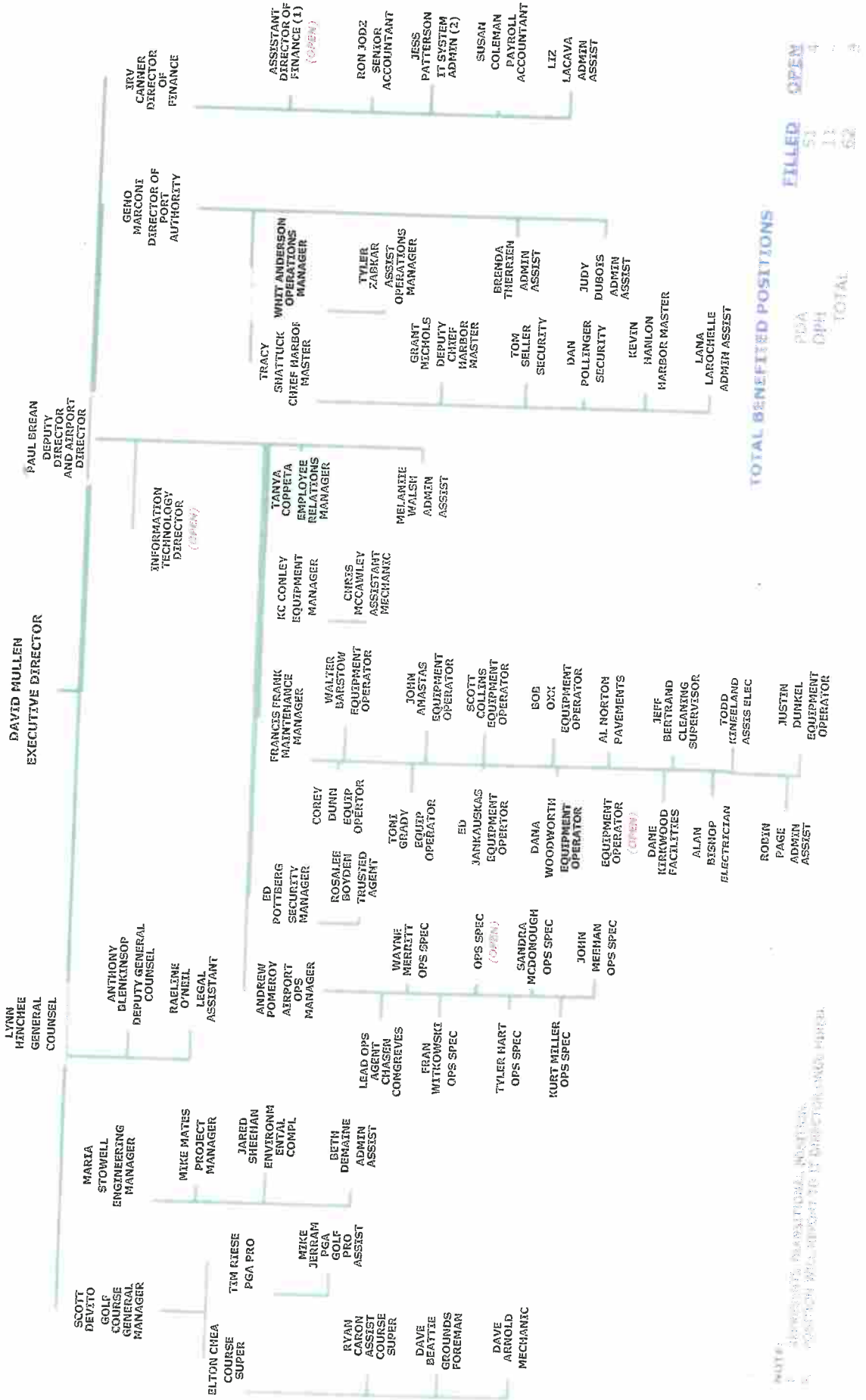
(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
PERSONNEL SERVICES				
BENEFITED	695	734	(39)	4,167
NONBENEFITED	174	164	10	792
OVERTIME	41	45	(4)	254
ACCRUED VACATION/ SICK	(9)	-	(9)	-
	901	948	(47)	5,213
CHARGE OUT	-	(4)	4	-
	901	944	(43)	5,213
FRINGE BENEFITS				
HEALTH INSUR	193	204	(11)	1,208
RETIREMENT	117	91	26	1,668
DENTAL INSURANCE	11	12	(1)	71
LIFE INSURANCE	8	5	3	28
CHARGE OUT	-	(1)	1	1,975
	329	311	18	1,975
	1,230	1,250	(20)	7,188

CURRENT STAFF ANALYSIS (FILLED POSITIONS) AS OF SEPTEMBER 30, 2019

	SAL/ BEN	HR/ BEN	HR/ NON	SE	TOTAL
GOLF COURSE	3	4	-	37	44
PORTSMOUTH AIRPORT / HUMAN RESOURCES	4	9	12	-	25
MAINTENANCE	-	18	4	-	22
PORT AUTHORITY	1	10	4	16	31
LEGAL	2	1	-	-	3
FINANCE	2	3	-	-	5
ENGINEERING	0	1	-	-	4
SKYHAVEN	-	-	3	-	3
EXECUTIVE	1	-	-	-	1
	16	46	23	53	138

PEASE DEVELOPMENT AUTHORITY CURRENT ORGANIZATION CHART - SEPTEMBER 30, 2019



TOTAL BENEFITED POSITIONS

POSITION	FILLED	OPEN
PGA	51	4
CPH	11	-
TOTAL	62	4

NOTE:
1. POSITIONS MANAGERIAL NUMBER
2. POSITION WILL REPORT TO IT DIRECTOR - (OPEN)

CONSOLIDATED OTHER OPERATING EXPENSES FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2019

(\$ 000's)

GENERAL AND ADMINISTRATIVE	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET	PROFESSIONAL SERVICES	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
FICA	68	71	(3)	399		54	4	50	125
INSURANCE	33	31	2	270	LEGAL				
TELEPHONE / COMMUNICATIONS	22	18	4	106	INFORMATION TECHNOLOGY	14	12	2	73
COMPUTER EXPENSES	10	13	(3)	80	EXTERNAL AUDIT		5	(5)	69
BANK FEES	19	12	7	49	ALL-OTHER-NET	9	7	2	42
ALL OTHER-NET	87	73	14	391		77	28	49	309
	239	218	21	1,295					

UTILITIES	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET	ALL OTHER	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET
ELECTRICITY	46	63	(17)	400	FUEL	157	196	(39)	850
WATER	2	10	(8)	118	GOLF MERCHANDISE	46	48	(2)	180
WASTE DISPOSAL	12	14	(2)	83	COAST TROLLEY	11	10	1	120
NATURAL GAS AND OIL	3	13	(10)	76	GOLF CART LEASE	26	38	(2)	115
PROPANE	3	6	(3)	39		250	292	(42)	1,265
	66	106	(40)	716					

CONSOLIDATED NONOPERATING (INCOME) EXPENSE FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2019

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	CURRENT YEAR BUDGET	
INTEREST EXPENSE	1	52	(51)	310	<i>INTEREST EXPENSE</i>
INTEREST INCOME AND OTHER	(13)	(5)	(8)	(29)	YEAR TO DATE FISCAL BUDGET
	(12)	47	(59)	281	PROVIDENT BANK - RLOC 305
					CITY OF PORTSMOUTH 5
					TOTAL 1 310

SUMMARY OF INTERGOVERNMENTAL RECEIVABLES AS OF AUGUST 31, 2019

(\$ 000's)

PROJECT NAME	APPROVAL DATE	TOTAL PROJECT	GRANT AWARD	EXPENDED TO DATE	PDA SHARE	RECEIVED TO DATE	BALANCE DUE PDA	AMOUNT SUBMITTED
PSM RUNWAY 16-34 DESIGN (AIP 58)	05-18-17	1,265	885	1,128	(45)	981	102	-
PSM OBSTRUCTION REMOVAL / CONSTRUCTION (AIP 60)	05-18-17	1,130	1,074	1,007	(58)	938	11	-
PSM TERMINAL PLANNING STUDY (AIP 61)	05-18-17	393	373	392	(19)	373	-	-
PSM- AIR NATIONAL GUARD TAXIWAY PROJECT	-	2,500	2,500	2,485	-	2,321	164	146
PSM TERMINAL BUILDING EXPANSION (AIP 62)	11-01-18	1,730	1,644	-	-	-	-	-
DAW TAXILANE PAVEMENT AND DRAINAGE CONSTRUCTION (SAG 07-2016)	09-22-16	1,830	1,738	1,492	(75)	1,417	-	-
DPH UPGRADE PORT SECURITY AND SOFTWARE	-	59	59	58	(3)	-	55	-
DPH FUNCTIONAL REPLACEMENT- BARGE DOCK	-	-	-	1,182	-	1,071	111	-
DPH MAIN PIER REHABILITATION	-	-	-	48	-	19	29	-
							472	146

SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(\$ 000's)

PROJECT NAME	BALANCE AT (1) 06-30-19	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-19
PORTSMOUTH AIRPORT					
TERMINAL EXPANSION (NON-GRANT)	1,301	166	-	166	1,467
RUNWAY 16-34 DESIGN (AIP 58)	896	1	-	-	897
PAY FOR PARKING PROJECT	6	1	(7)	(6)	-
	<u>2,203</u>	<u>168</u>	<u>(7)</u>	<u>161</u>	<u>2,364</u>

SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(CONTINUED)

(\$ 000's)

PROJECT NAME	BALANCE AT (1) 05-30-19	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-19
SKYHAVEN AIRPORT	0	0	0	0	0
GOLF COURSE					
CLUBHOUSE KITCHEN	4	4	(8)	(4)	0
ADMINISTRATION					
MAINTENANCE					
WEEDTECHNICS STEAM MACHINE	0	22	(22)	0	0

SUMMARY OF CONSTRUCTION WORK IN PROGRESS

(CONTINUED)

(\$ 000's)

PROJECT NAME	BALANCE AT (1) 06-30-19	CURRENT YEAR EXPENDITURES	TRANSFER TO PLANT IN SERVICE	NET CURRENT YEAR CHANGE	BALANCE AT 08-31-19
DIVISION OF PORTS AND HARBORS (DPH)					
FUNCTIONAL REPLACEMENT- BARGE DOCK	1,071	111	-	111	1,182
PPP SULKHEAD REHAB (HDF)	20	47	-	47	67
MAIN PIER REHAB	19	29	-	29	48
PPP CONCEPT STUDY (HDF)	4	3	-	3	7
UPGRADE SECURITY	-	11	(11)	-	-
	<u>1,114</u>	<u>201</u>	<u>(11)</u>	<u>190</u>	<u>1,304</u>
TOTAL	3,321	395	(48)	347	3,668

LONG TERM LIABILITIES AS OF AUGUST 31, 2019

(\$ 000's)

	CURRENT PORTION	LONG TERM PORTION	TOTAL AMOUNT DUE	FISCAL YEAR	CITY OF PORTSMOUTH	STATE OF NEW HAMPSHIRE (1)
CITY OF PORTSMOUTH-WATER POLLUTION CONTROL NOTE @ 4.50%	116	-	116	2020	116	-
STATE OF NEW HAMPSHIRE POST RETIREE HEALTH CARE PROGRAM	91	182	273	2021	-	91
				2022	-	91
				2023	-	91
STATE OF NEW HAMPSHIRE	-	252	252		116	273
ACCRUED SICK LIABILITY				PAID IN FY 2020		
					116	273

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

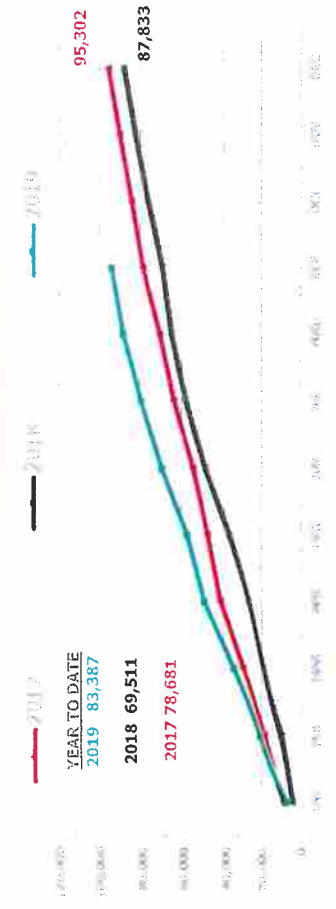
202 529 736

STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2019 PORTSMOUTH AIRPORT

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
OPERATING REVENUES	275	272	3	1,880				
FACILITIES RENTAL	155	135	20	713				
PAY FOR PARKING	70	85	(15)	858				
FUEL FLOWAGE	42	36	6	215				
CONCESSION REVENUES	4	12	(8)	72				
ALL OTHER	4	4	-	22				
	275	272	3	1,880				
OPERATING EXPENSES								
PERSONNEL SERVICES AND BENEFITS	144	165	(21)	970				
BUILDINGS AND FACILITIES MAINTENANCE	68	66	2	585				
GENERAL AND ADMINISTRATIVE	59	58	1	347				
UTILITIES	28	53	(25)	319				
PROFESSIONAL SERVICES	10	1	9	5				
MARKETING AND PROMOTION	36	10	26	62				
ALL OTHER								
	345	353	(8)	2,288				
OPERATING INCOME	70	(81)	11	(408)				
NONOPERATING (INCOME) AND EXPENSE								
DEPRECIATION	449	650	201	3,900				
NET OPERATING INCOME	(519)	(731)	212	(4,308)				

ENPLANEMENT DATA



YEAR TO DATE
2019 83,387
2018 69,511
2017 78,681

STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2019 SKYHAVEN AIRPORT

(\$ 000's)

	YEAR TO DATE		YEAR TO DATE		FISCAL YEAR BUDGET
	ACTUAL	BUDGET	ACTUAL	BUDGET	
OPERATING REVENUES	40	33	7	(3)	185
FACILITIES RENTAL	20	22	(2)		121
FUEL SALES	20	11	9		64
ALL OTHER	40	33	7		185
OPERATING EXPENSES					
PERSONNEL SERVICES AND BENEFITS	7	10	(3)		60
BUILDINGS AND FACILITIES MAINTENANCE	8	10	(2)		61
GENERAL AND ADMINISTRATIVE	5	7	(2)		38
UTILITIES	2	4	(2)		27
PROFESSIONAL SERVICES	1	1			5
MARKETING AND PROMOTION	-	-			-
ALL OTHER- FUEL	17	9	8		51
OPERATING INCOME	40	41	(1)		242
NONOPERATING (INCOME) AND EXPENSE	-	(8)	8		(57)
DEPRECIATION	89	86	3		520
NET OPERATING INCOME	(89)	(94)	5		(577)

	YEAR TO DATE		YEAR TO DATE		FISCAL YEAR BUDGET
	ACTUAL	BUDGET	ACTUAL	BUDGET	
OPERATING REVENUES	40	33	7	(3)	185
FACILITIES RENTAL	20	22	(2)		121
FUEL SALES	20	11	9		64
ALL OTHER	40	33	7		185

	YEAR TO DATE		YEAR TO DATE		YTD AVE PRICE
	ACTUAL	BUDGET	ACTUAL	BUDGET	
GALLONS OF FUEL SOLD	1,512	3,401	13,513	4,477	4.77
FY 2019	1,512	3,401	13,513	4,477	4.77
FY 2020	2,202	4,109	4,109		

	OPERATING		DEBT		GRANT FUNDS	TOTAL
	OPERA	CAPITAL EXPEND	REPAY	REPAY		
FY 2020	-	-	-	5	5	5
FY 2019	(83)	(27)	-	512	402	402
FY 2018	(74)	(1,193)	-	1,370	103	103
FY 2009-2017	(835)	(5,399)	(100)	4,355	(2,179)	(2,179)
TOTAL	(992)	(6,819)	(100)	6,242	(1,669)	(1,669)

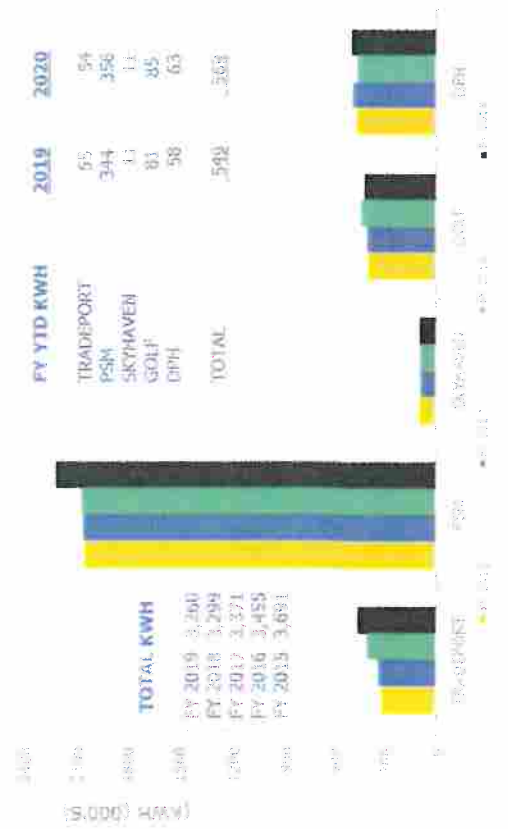
STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2019 TRADEPORT

(\$,000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
OPERATING REVENUES	1,717	1,774	(57)	8,995
OPERATING EXPENSES				
PERSONNEL SERVICES AND BENEFITS	-	-	-	-
BUILDINGS AND FACILITIES MAINTENANCE	9	63	(54)	376
GENERAL AND ADMINISTRATIVE	8	8	-	48
UTILITIES	6	17	(11)	103
PROFESSIONAL SERVICES	-	-	-	-
MARKETING AND PROMOTION	-	-	-	-
ALL-OTHER	11	10	1	120
OPERATING INCOME	1,683	1,676	7	8,348
NONOPERATING (INCOME) AND EXPENSE				
DEPRECIATION	127	125	2	750
NET OPERATING INCOME	1,556	1,551	5	7,598

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
OPERATING REVENUES	1,667	1,725	(58)	8,828
RENTAL OF FACILITIES	50	49	1	167
ALL-OTHER	1,717	1,774	(57)	8,995

KWH CONSUMPTION ANALYSIS BY BUSINESS UNIT



STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2019 GOLF COURSE

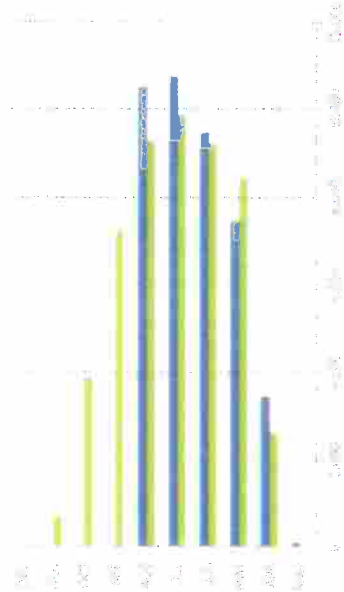
(\$ 000's)

	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	982	740	147	2,396	CONCESSION REVENUES	79	55	24	251
OPERATING EXPENSES					FEE REVENUES				
PERSONNEL SERVICES AND BENEFITS	214	204	10	940	GOLF FEES	629	522	107	1,425
BUILDINGS AND FACILITIES MAINTENANCE	62	76	(14)	321	MEMBERSHIPS	96	87	9	340
GENERAL AND ADMINISTRATIVE	38	43	15	213	SIMULATOR	-	1	(1)	120
UTILITIES	17	14	3	167	LESSONS	9	7	2	18
PROFESSIONAL SERVICES	1	3	(2)	17	MERCHANDISE AND OTHER	74	68	6	242
MARKETING AND PROMOTION	5	8	(3)	47		887	740	147	2,396
ALL OTHER	83	86	(3)	295					
	440	434	6	2,000	BUSINESS UNIT ANALYSIS				
OPERATING INCOME	447	306	141	396	PRO SHOP	72	735	80	867
NONOPERATING (INCOME) AND EXPENSE					COURSE OPERA				
DEPRECIATION	63	66	(3)	396	FOOD / BEV				
NET OPERATING INCOME	384	240	144						
					OPERATING REVENUES	21	377	60	447
					OPERATING EXPENSES (EXCLUDING DEPRECIATION)	51	358	20	440
					OPERATING INCOME	21	377	60	447

KEY GOLF COURSE BENCHMARKING DATA AS OF AUGUST 31, 2019

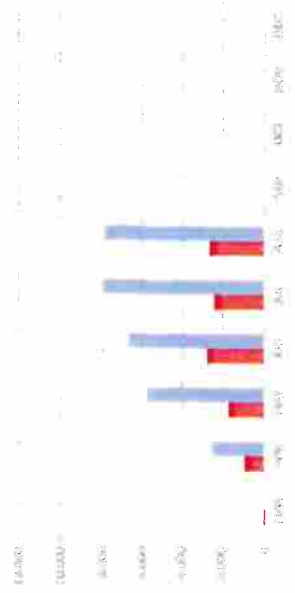


ROUNDS OF GOLF PLAYED (SEASON)



	2019 YTD	2018 YTD	2018 SEASON
ROUNDS PLAYED	41,367	39,521	51,317
RAIN DAYS	36	36	72

2019 MEMBER / NONMEMBER ROUNDS (SEASON)



GOLF SIMULATOR REVENUES

	FY 2019	FY 2020
JULY	\$ 331	\$ 39
AUGUST	465	-
SEPTEMBER	479	-
OCTOBER	5,292	-
NOVEMBER	18,312	-
DECEMBER	22,539	-
JANUARY	28,984	-
FEBRUARY	25,591	-
MARCH	26,907	-
APRIL	3,910	-
MAY	229	-
JUNE	17	-
TOTAL	\$ 133,196	\$ 39

GRILL-28 GROSS SALES

	FY 2019	FY 2020
JULY	\$ 208,701	\$ 212,562
AUGUST	221,334	259,154
SEPTEMBER	188,411	-
OCTOBER	134,258	-
NOVEMBER	89,731	-
DECEMBER	110,593	-
JANUARY	102,321	-
FEBRUARY	101,282	-
MARCH	115,092	-
APRIL	134,616	-
MAY	209,511	-
JUNE	274,736	-
TOTAL	\$ 1,890,586	\$ 471,716

2019 ROUNDS- SEASON

MEMBER	10,941
NONMEMBER	30,922
TOTAL	41,363

2018 ROUNDS- SEASON

MEMBER	10,793
NONMEMBER	28,728
TOTAL	39,521

CLUB/ COURSE FUNCTIONS

	FY 2019 YTD	FY 2020 YTD
GROUPS 12-40	5,864	6,608
TOURNAMENT PLAY	21,595	12,853
LEAGUES	13,502	19,650
FOOD AND ROOM FEES	17,516	20,418

STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2019 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	427	582	(155)	2,575	FACILITY RENTALS	67	70	(3)	419
OPERATING EXPENSES					CONCESSION REVENUE	3	2	1	3
PERSONNEL SERVICES AND BENEFITS	191	183	8	1,095	FEE REVENUE				
BUILDINGS AND FAC AND MAINTENANCE	21	33	(12)	215	MOORING FEES	57	61	(4)	365
GENERAL AND ADMINISTRATIVE	34	29	5	177	PARKING	52	43	9	115
UTILITIES	13	17	(4)	99	REGISTRATIONS	-	27	(27)	165
PROFESSIONAL SERVICES	-	4	(4)	24	WHARF / DOCK	1	92	(91)	550
MARKETING AND PROMOTION	-	-	-	3	FUEL SALES	110	223	(113)	1,195
ALL OTHER - FUEL	140	187	(47)	799	ALL OTHER	185	247	(162)	850
	399	453	(54)	2,912	TOTAL	427	582	(155)	2,575
OPERATING INCOME	28	129	101	163	BUSINESS UNIT ANALYSIS				
NONOPERATING (INCOME) AND EXPENSE	(1)	-	(1)	(4)	RYE HARBOR	128	153	9	57
DEPRECIATION	103	102	1	606	PORTSMOUTH FISH PIER	9	80	68	65
NET OP INCOME	(74)	27	(101)	(440)	HAMPTON HARBOR	39	39	(3)	6
					MARSH STREET	12	12	0	0
					ADMIN	65	65	0	0

STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2019 PORT AUTHORITY OF NEW HAMPSHIRE (RESTRICTED)

(\$ 000's)

FOREIGN TRADE ZONES	YEAR TO	YEAR TO	YEAR TO	YEAR TO	YEAR TO	FISCAL	HARBOR DREDGING	YEAR TO	CURRENT	FISCAL
	DATE ACTUAL	DATE BUDGET	DATE ACTUAL	DATE BUDGET	DATE ACTUAL	YEAR BUDGET		DATE BUDGET	YEAR VARIANCE	YEAR BUDGET
OPERATING REVENUES	7	2	20	12	8	115	OPERATING REVENUES			
OPERATING EXPENSES							OPERATING EXPENSES			
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	PERSONNEL SERVICES AND BENEFITS			
BUILDINGS AND FACILITIES MAINTENANCE	-	-	125	2	123	10	BUILDINGS AND FACILITIES MAINTENANCE			
GENERAL AND ADMINISTRATIVE	-	-	-	1	(1)	4	GENERAL AND ADMINISTRATIVE			
UTILITIES	-	-	-	-	-	1	UTILITIES			
PROFESSIONAL SERVICES	-	-	-	-	-	-	PROFESSIONAL SERVICES			
MARKETING AND PROMOTION	-	1	-	-	-	-	MARKETING AND PROMOTION			
ALL OTHER	-	-	-	-	-	-	ALL OTHER			
OPERATING INCOME	7	(1)	(105)	9	(114)	100	OPERATING INCOME			
NONOPERATING (INCOME) AND EXPENSE	-	-	-	-	-	(1)	NONOPERATING (INCOME) AND EXPENSE			
DEPRECIATION	-	-	16	11	5	72	DEPRECIATION			
NET OPERATING INCOME	7	(1)	(121)	(2)	(119)	29	NET OPERATING INCOME			

STATEMENT OF OPERATIONS FOR THE TWO MONTH PERIOD ENDING AUGUST 31, 2019 PORT AUTHORITY OF NEW HAMPSHIRE (RESTRICTED)

(CONTINUED)

(\$ 000's)

	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	CURRENT YEAR VARIANCE	FISCAL YEAR BUDGET
REVOLVING LOAN FUND				
OPERATING REVENUES	8	7	1	44
OPERATING EXPENSES				
PERSONNEL SERVICES AND BENEFITS				
BUILDINGS AND FACILITIES MAINTENANCE				
GENERAL AND ADMINISTRATIVE				1
UTILITIES				
PROFESSIONAL SERVICES	4	4		27
MARKETING AND PROMOTION				
ALL OTHER				
OPERATING INCOME	4	3	1	28
NONOPERATING (INCOME) AND EXPENSE				16
DEPRECIATION				
NET OPERATING INCOME	4	3	1	16

	BALANCE AT 06-30-2019 (1)	BALANCE AT 08-31-2019
CASH BALANCES		
GENERAL FUNDS	196	217
SEQUESTERED FUNDS		
LOANS OUTSTANDING		
CURRENT	156	161
LONG TERM	856	833
	1,012	994
	1,208	1,211
CAPITAL UTILIZATION RATE - % (*)	83.9	82.1

(*) EXCLUDES SEQUESTERED FUNDS.

PEASE DEVELOPMENT AUTHORITY STATEMENT OF NET POSITION

(EXCLUDING PORT AUTHORITY OF NEW HAMPSHIRE)

(\$, 000'S)

	JUN 30 2019 (1)	AUG 31 2019	JUN 30 2019 (1)	AUG 31 2019
CURRENT ASSETS			LIABILITIES	
CASH AND EQUIVALENTS	6,540	7,285	CURRENT LIABILITIES	
ACCOUNTS RECEIVABLE- NET	976	711	ACCOUNTS PAYABLE	1,843
OTHER ASSETS	533	451	ACCOUNTS PAYABLE- CONSTRUCTION	481
TOTAL CURRENT ASSETS	8,049	8,447	UNEARNED REVENUE	294
			REVOLVING LOC FACILITY	-
RESTRICTED ASSETS			CURRENT PORTION- LT LIABILITIES	116
CASH AND EQUIVALENTS	-	-	TOTAL CURRENT LIABILITIES	2,734
ACCOUNTS RECEIVABLES- NET	-	-	NONCURRENT LIABILITIES	
TOTAL RESTRICTED ASSETS	2	2	NET PENSION / OPEB LIABILITY	9,716
CAPITAL ASSETS			OTHER LT LIABILITIES	267
LAND, BUILDINGS AND EQUIPMENT	51,963	(51,261)	TOTAL LIABILITIES	12,715
CONSTRUCTION IN PROCESS (PAGES #10-114)	2,207	2,364	DEFERRED INFLOWS OF RESOURCES	
TOTAL ASSETS	54,179	53,625	PENSION / OPEB	2,688
			NET POSITION	
			NET INVEST IN CAPITAL ASSETS	52,281
			RESTRICTED FOR:	
			REVOLVING LOAN FUND	-
			HARBOR DREDGING	-
			FOREIGN TRADE ZONE	-
			UNRESTRICTED	(2,534)
			TOTAL NET POSITION	49,747
	802	802		47,957
DEFERRED OUTFLOWS OF RESOURCES				
PENSION / OPEB	802	802		

DISCUSSION AND ANALYSIS

- CONTINGED FINANCIAL OBLIGATION TO SUPPORT NONGRANT RELATED CAPITAL PROJECTS AND DEBT REPAYMENT.
- ACCURED PENSION LIABILITY FOR JUNE 30, 2019 REDUCED BY \$602
- REVENUE ESCALATION / CPI HAS BEEN EXCEEDED BY COST ESCALATION RELATIVE TO PERSONNEL SERVICES AND BENEFITS.

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

(\$,000's)

	JUN 30 2019 (1)	AUG 31 2019	JUN 30 2019 (1)	AUG 31 2019
ASSETS			LIABILITIES	
CURRENT ASSETS			CURRENT LIABILITIES	
CASH AND EQUIVALENTS	1,009	1,196	ACCOUNTS PAYABLE	255
ACCOUNTS RECEIVABLE- NET	208	270	ACCOUNTS PAYABLE- CONSTRUCTION	15
OTHER ASSETS	55	41	UNEARNED REVENUE	280
TOTAL CURRENT ASSETS	1,272	1,507	REVOLVING LOC FACILITY	
RESTRICTED ASSETS			CURRENT PORTION- LT LIABILITIES	
CASH AND EQUIVALENTS	-	-	TOTAL CURRENT LIABILITIES	550
ACCOUNTS RECEIVABLES- NET	-	-	NONCURRENT LIABILITIES	
TOTAL RESTRICTED ASSETS	-	-	NET PENSION / OPEB LIABILITY	1,960
CAPITAL ASSETS			OTHER LT LIABILITIES	103
LAND, BUILDINGS AND EQUIPMENT	8,376	8,285	TOTAL LIABILITIES	2,063
CONSTRUCTION IN PROCESS: (AGES #10-#14)	1,089	1,230	DEFERRED INFLOWS OF RESOURCES	533
TOTAL ASSETS	9,465	9,515	NET POSITION	533
DEFERRED OUTFLOWS OF RESOURCES			NET INVEST IN CAPITAL ASSETS	10,917
PENSION / OPEB	160	160	RESTRICTED FOR:	
			REVOLVING LOAN FUND	
			HARBOR DREDGING	
			FOREIGN TRADE ZONE	(1,344)
			UNRESTRICTED	(1,344)
			TOTAL NET POSITION	8,029

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.

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

(\$ 000's)

	JUN 30 2019 (1)	AUG 31 2019
ASSETS		
CURRENT ASSETS		
CASH AND EQUIVALENTS	-	-
ACCOUNTS RECEIVABLE- NET	-	-
OTHER ASSETS	-	-
TOTAL CURRENT ASSETS	0	0
RESTRICTED ASSETS		
CASH AND EQUIVALENTS	4	4
ACCOUNTS RECEIVABLE- NET	0	0
TOTAL RESTRICTED ASSETS	4	4
CAPITAL ASSETS		
LAND, BUILDINGS AND EQUIPMENT	-	-
CONSTRUCTION IN PROCESS (pages #10-#14)	-	-
TOTAL ASSETS	4	4
DEFERRED OUTFLOWS OF RESOURCES		
PENSION / OPEB	0	0
TOTAL NET POSITION	4	4
LIABILITIES		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	-	-
ACCOUNTS PAYABLE- CONSTRUCTION	-	-
UNEARNED REVENUE	-	-
REVOLVING LOC FACILITY	-	-
CURRENT PORTION- LT LIABILITIES	0	0
TOTAL CURRENT LIABILITIES	0	0
NONCURRENT LIABILITIES		
NET PENSION / OPEB LIABILITY	0	0
OTHER LT LIABILITIES	0	0
TOTAL LIABILITIES	0	0
DEFERRED INFLOWS OF RESOURCES		
PENSION	0	0
NET POSITION		
NET INVEST IN CAPITAL ASSETS	-	-
RESTRICTED FOR:		
REVOLVING LOAN FUND	0	0
HARBOR DREDGING	0	0
FOREIGN TRADE ZONE	4	4
UNRESTRICTED	0	0
TOTAL NET POSITION	4	4

DISCUSSION AND ANALYSIS

- CURRENTLY EXPLORING ACCELERATED MARKETING PLAN TO ATTRACT POTENTIAL VENDORS.
- EFFECTIVE OCTOBER 1, 2018, NEW TENANT SECURES LEASE AGREEMENT.

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

(\$ 000's)

	JUN 30 2019 (1)	AUG 31 2019	JUN 30 2019 (1)	AUG 31 2019
ASSETS				
CURRENT ASSETS				
CASH AND EQUIVALENTS	-	-	21	-
ACCOUNTS RECEIVABLE- NET	-	-	-	24
OTHER ASSETS	-	-	-	-
TOTAL CURRENT ASSETS	-	-	21	24
RESTRICTED ASSETS				
CASH AND EQUIVALENTS	379	208	-	-
ACCOUNTS RECEIVABLE- NET	4	-	-	252
TOTAL RESTRICTED ASSETS	383	208	274	276
CAPITAL ASSETS				
LAND, BUILDINGS AND EQUIPMENT	931	890	-	-
CONSTRUCTION IN PROCESS (PAGES #10-#18)	24	74	-	-
TOTAL ASSETS	955	964	628	689
DEFERRED OUTFLOWS OF RESOURCES	1,338	1,172	386	207
PENSION / OPEB	-	-	-	-
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	-	-	-	-
ACCOUNTS PAYABLE- CONSTRUCTION	-	-	-	-
UNEARNED REVENUE	-	-	-	-
REVOLVING LOC FACILITY	-	-	-	-
CURRENT PORTION- LT LIABILITIES	-	-	-	-
TOTAL CURRENT LIABILITIES	-	-	21	24
NONCURRENT LIABILITIES				
NET PENSION / OPEB LIABILITY	-	-	-	-
OTHER LT LIABILITIES	-	-	-	-
TOTAL LIABILITIES	-	-	21	24
DEFERRED INFLOWS OF RESOURCES				
PENSION	-	-	-	-
NET POSITION	24	74	628	689
NET INVEST IN CAPITAL ASSETS	955	964	628	689
RESTRICTED FOR:				
REVOLVING LOAN FUND	-	-	-	-
HARBOR DREDGING	-	-	-	-
FOREIGN TRADE ZONE	-	-	-	-
UNRESTRICTED	-	-	-	-
TOTAL NET POSITION	1,014	896	1,014	896

DISCUSSION AND ANALYSIS

CONTINUED FINANCIAL OBLIGATION TO SUPPORT UNREIMBURSED CAPITAL PROJECTS OR REPAIRS AND MAINTENANCE FOR UNRESTRICTED PORT OPERATIONS.

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

(\$ 000's)

	JUN 30 2019 (1)	AUG 31 2019	JUN 30 2019 (1)	AUG 31 2019
ASSETS			LIABILITIES	
CURRENT ASSETS			CURRENT LIABILITIES	
CASH AND EQUIVALENTS	-	-	ACCOUNTS PAYABLE	4
ACCOUNTS RECEIVABLE- NET	-	-	ACCOUNTS PAYABLE- CONSTRUCTION	-
OTHER ASSETS	-	-	UNEARNED REVENUE	-
TOTAL CURRENT ASSETS	-	-	REVOLVING LOC FACILITY	-
RESTRICTED ASSETS			CURRENT PORTION- LT LIABILITIES	-
CASH AND EQUIVALENTS	196	217	TOTAL CURRENT LIABILITIES	4
ACCOUNTS RECEIVABLES- NET	1,012	994	NONCURRENT LIABILITIES	
TOTAL RESTRICTED ASSETS	1,208	1,211	NET PENSION / OPEB LIABILITY	-
CAPITAL ASSETS			OTHER LT LIABILITIES	-
LAND, BUILDINGS AND EQUIPMENT	-	-	TOTAL LIABILITIES	4
CONSTRUCTION IN PROCESS (pages #10-114)	-	-	DEFERRED INFLOWS OF RESOURCES	
TOTAL ASSETS	1,208	1,211	PENSION	-
DEFERRED OUTFLOWS OF RESOURCES			NET POSITION	
PENSION / OPEB	-	-	NET INVEST IN CAPITAL ASSETS	-
			RESTRICTED FOR:	
			REVOLVING LOAN FUND	1,204
			HARBOR DREDGING	-
			FOREIGN TRADE ZONE	-
			UNRESTRICTED	-
			TOTAL NET POSITION	1,204
				1,287

DISCUSSION AND ANALYSIS

- IN JULY 2018, EDA AWARDS PDA WITH INITIAL RISK RATING OF 'A' (HIGHEST).
- IN SEPTEMBER 2019, THE EDA APPROVED THE FIVE YEAR REVOLVING LOAN FUND PLAN. THE PDA WILL BE REQUIRED TO SUBMIT A REVISED FIVE YEAR PLAN IN 2024.
- 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.
- LOAN PORTFOLIO PARTICIPANTS AT JUNE 30, 2019 WERE 23.
- LOAN PORTFOLIO PARTICIPANTS AT AUGUST 31, 2019 WERE 22.

**CASH FLOW PROJECTIONS FOR THE
NINE MONTH PERIOD ENDING
JUNE 30, 2020**



**BOARD OF DIRECTOR'S MEETING
OCTOBER 17, 2019**

PEASE DEVELOPMENT AUTHORITY CASH FLOW SUMMARY OVERVIEW OCTOBER 1, 2019 TO JUNE 30, 2020

(EXCLUDING DIVISION OF PORTS AND HARBORS)

(\$ 000's)

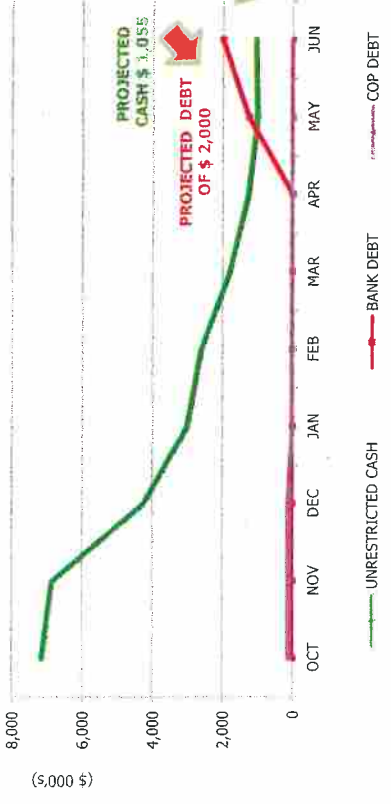
	<u>AMOUNT</u>
(\$ 000's)	
OPENING FUND BALANCE	7,610
SOURCES OF FUNDS	
TRADEPORT TENANTS	6,510
GRANT AWARDS (SEE PAGE #8)	2,195
EXTERNAL BANK FINANCING- NET	2,000
MUNICIPAL SERVICE FEE (COP)- NET	1,275
PSM AIRPORT- LEASES, FUEL FLOWAGE FEES AND PARKING	1,035
GOLF COURSE FEE AND CONCESSION REVENUES	795
SKYHAVEN AIRPORT HANGAR AND FUEL REVENUES	131
	<u>13,941</u>
USES OF FUNDS	
OPERATING EXPENSES	8,260
CAPITAL EXPENDITURES- NON-GRANT (SEE PAGES #5-#7)	7,761
CAPITAL EXPENDITURES- GRANT (SEE PAGE #4)	3,896
LITIGATION SETTLEMENT- CLF	400
LONG TERM DEBT RETIREMENT	116
STATE OF NH- POST RETIREMENT	63
	<u>20,496</u>
	<u>(6,555)</u>
NET CASH FLOW	
CLOSING FUND BALANCE	1,055

DISCUSSION

AT THIS TIME, THE PDA DOES ANTICIPATE THE NEED TO UTILIZE ITS CREDIT FACILITIES WITH THE PROVIDENT BANK TO FINANCE PROJECTED NON-GRANT RELATED CAPITAL EXPENDITURES AND OR WORKING CAPITAL REQUIREMENTS.

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 3) POTENTIAL LITIGATION CLAIMS AND OR 4) ONGOING TRADEPORT REVENUE STREAMS .

PROJECTED CASH AND DEBT BALANCES



TOTAL FUND BALANCES	BALANCE AT 09-30-2019	BALANCE AT 06-30-2019
PDA UNRESTRICTED	7,610	6,526
PDA DESIGNATED	14	14
TOTAL	<u>7,624</u>	<u>6,540</u>

PEASE DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOW (UNRESTRICTED FUNDS)

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(\$ 000's)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
OPENING FUND BALANCE	7,610	7,143	6,852	4,267	3,010	2,607	1,801	1,268	1,003	7,610
SOURCES OF FUNDS										
TRADEPORT TENANTS	715	720	720	720	725	725	725	730	730	6,510
MUNICIPAL SERVICE FEE	250	375	250	250	375	250	250	375	250	2,625
GRANT AWARDS (SEE PAGE #8)	-	130	-	20	108	270	707	290	670	2,195
GOLF COURSE	150	100	50	65	65	70	85	100	110	795
PORTSMOUTH AIRPORT	45	50	45	45	50	45	45	50	45	420
PAY FOR PARKING- PSM	35	35	40	40	45	45	40	40	35	355
FUEL FLOWAGE FEES- PSM	25	25	30	30	30	30	32	28	30	260
SKYHAVEN AIRPORT	16	15	14	14	14	14	14	15	15	131
EXTERNAL FINANCING- NET	-	-	-	-	-	-	-	1,250	750	2,000
	<u>1,236</u>	<u>1,450</u>	<u>1,149</u>	<u>1,184</u>	<u>1,412</u>	<u>1,449</u>	<u>1,898</u>	<u>2,878</u>	<u>2,635</u>	<u>15,291</u>
USE OF FUNDS										
OPERATING EXPENSES	840	1,050	1,325	850	800	1,225	915	855	800	8,260
CAPITAL- NONGRANT (SEE PAGES #5-#7)	810	637	745	770	710	720	1,346	1,203	820	7,761
CAPITAL- GRANT RELATED (SEE PAGE #4)	53	54	314	705	305	310	170	1,085	900	3,896
MUNICIPAL SERVICE FEE	-	-	1,350	-	-	-	-	-	-	1,350
LONG TERM DEBT RETIREMENT	-	-	-	116	-	-	-	-	-	116
STATE OF NH- POST RETIREMENT	-	-	-	-	-	-	-	-	63	63
	<u>1,703</u>	<u>1,741</u>	<u>3,734</u>	<u>2,441</u>	<u>1,815</u>	<u>2,255</u>	<u>2,431</u>	<u>3,143</u>	<u>2,583</u>	<u>21,846</u>
NET CASH FLOW	(467)	(291)	(2,585)	(1,257)	(403)	(806)	(533)	(265)	52	(6,555)
CLOSING FUND BALANCE	7,143	6,852	4,267	3,010	2,607	1,801	1,268	1,003	1,055	1,055

PEASE DEVELOPMENT AUTHORITY

CAPITAL EXPENDITURES

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

4

(\$ 000'S)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
GRANT REIMBURSEMENT										
PORTSMOUTH AIRPORT										
TERMINAL EXPANSION DESIGN AND CONSTRUCTION (AIP 66- \$2.0M)	-	-	-	150	150	150	150	150	150	900
TERMINAL EXPANSION DESIGN AND CONSTRUCTION (AIP 62- \$1.6M)	-	-	-	-	-	-	-	150	150	300
RUNWAY 16-34 DESIGN (AIP 58)	50	25	34	-	-	-	-	-	-	109
RUNWAY 16-34 RECONSTRUCTION	-	25	45	555	155	20	20	785	600	2,205
REIMBURSABLE AGREEMENT (AIP 65)	-	-	-	-	-	140	-	-	-	140
SKYHAVEN AIRPORT										
TAXILANE AND DRAINAGE (SBG 7)	3	4	235	-	-	-	-	-	-	242
TOTAL	53	54	314	705	305	310	170	1,085	900	3,896

NOTE:
** PENDING BOARD APPROVAL

PEASE DEVELOPMENT AUTHORITY CAPITAL EXPENDITURES

(CONTINUED): *(EXCLUDING THE DIVISION OF PORTS AND HARBORS)*

(\$ 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>
<u>NONGRANT REIMBURSEMENT</u>										
SKYHAVEN AIRPORT										
FUEL SYSTEM CREDIT CARD **	-	5	15	-	-	-	-	-	-	20
REROOFING TERMINAL BUILDING **	-	-	-	-	-	-	25	25	-	50
	=	<u>5</u>	<u>15</u>	=	=	=	<u>25</u>	<u>25</u>	=	<u>70</u>
ADMINISTRATION										
COMPUTERS / PRINTERS / SOFTWARE / SERVERS / TELECOMMUNICATIONS **	-	-	-	15	-	-	-	10	-	25
	=	=	=	<u>15</u>	=	=	=	<u>10</u>	=	<u>25</u>
GOLF COURSE										
FAIRWAY ROUGH MOWER**	-	-	-	-	-	-	75	-	-	75
VINYL FENCE- POST AND BEAN **	-	10	-	-	-	-	-	-	-	10
WOMEN'S BATHROOM MOP CLOSEST FLOOR **	-	20	20	-	-	-	-	-	-	40
	=	<u>30</u>	<u>20</u>	=	=	=	<u>75</u>	=	=	<u>125</u>

NOTE:
*** PENDING BOARD APPROVAL

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

(\$ 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>
<u>NONGRANT REIMBURSEMENT</u> (CONTINUED):										
<u>PORTSMOUTH AIRPORT</u>										
TERMINAL EXPANSION	750	512	700	700	700	700	1,226	1,066	800	7,154
TERMINAL EXPANSION DESIGN	25	-	-	-	-	-	-	-	-	25
PAY FOR PARKING	25	-	-	-	-	-	-	-	-	25
GROUND TRANSPORTATION BUS **	-	-	-	-	-	-	-	72	-	72
TERMINAL FLOORING- BAGGAGE AREA **	-	25	-	-	-	-	-	-	-	25
TERMINAL LED LIGHTING **	-	20	-	-	-	-	-	-	-	20
DAC CONNECTION UPGRADE **	-	10	-	-	-	-	-	-	-	10
	800	567	700	700	700	700	1,226	1,138	800	7,331

NOTE:
 ** PENDING BOARD APPROVAL

PEASE DEVELOPMENT AUTHORITY

CAPITAL EXPENDITURES

(EXCLUDING THE DIVISION OF PORTS AND HARBORS)

(\$ 000's)

(CONTINUED)

	<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>
<u>NONGRANT REIMBURSEMENT</u>										
<u>TRADEPORT</u>										
TRAFFIC MONITORING **	-	-	-	-	-	10	10	20	10	50
STORMWATER TREATMENT **	10	10	10	10	10	10	10	10	10	90
	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>20</u>	<u>20</u>	<u>30</u>	<u>20</u>	<u>140</u>
<u>MAINTENANCE</u>										
VEHICLE FLEET REPLACEMENT **	-	-	-	45	-	-	-	-	-	45
TRACTOR ADD ON EQUIPMENT **	-	25	-	-	-	-	-	-	-	25
	-	<u>25</u>	-	<u>45</u>	-	-	-	-	-	<u>70</u>
TOTAL	<u>810</u>	<u>637</u>	<u>745</u>	<u>770</u>	<u>710</u>	<u>720</u>	<u>1,346</u>	<u>1,203</u>	<u>820</u>	<u>7,761</u>

NOTE:
 ** PENDING BOARD APPROVAL

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

(\$ 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>
PORTSMOUTH AIRPORT										
TERMINAL EXPANSION DESIGN AND CONSTRUCTION (AIP 62- \$1.6M)	-	-	-	-	-	135	135	135	135	540
TERMINAL EXPANSION DESIGN AND CONSTRUCTION (AIP 66- \$2.0M)	-	-	-	-	-	-	-	-	135	135
RUNWAY 16-34 DESIGN (AIP 58)	-	60	-	20	-	10	-	-	-	90
RUNWAY 16-34 RECONSTRUCTION	-	-	-	-	-	-	560	125	400	1,085
RUNWAY 16-34 REIMBURSABLE AGREEMENT (AIP 65)	-	-	-	-	-	125	-	-	-	125
SKYHAVEN AIRPORT										
TAXIWAY PAVEMENT AND DRAINAGE (SBG-7)	-	70	-	-	108	-	12	30	-	220
TOTAL	-	130	-	20	108	270	707	290	670	2,195

DIVISION OF PORTS AND HARBORS CASH FLOW SUMMARY OVERVIEW (EXCLUDING RESTRICTED FUNDS) OCTOBER 1, 2019 TO JUNE 30, 2020

(\$ 000's)

	<u>AMOUNT</u>	
OPENING FUND BALANCE	<u>1,182</u>	
SOURCES OF FUNDS		
FACILITY RENTALS	589	
FUEL SALES	246	
MOORING FEES	235	
PARKING FEES AND CONCESSIONS	130	
REGISTRATIONS / WHARFAGE	75	
	<u>1,275</u>	
USES OF FUNDS		
PERSONNEL SERVICES AND BENEFITS	1,225	
OPERATING EXPENSES	395	
FUEL PROCUREMENT	260	
CAPITAL EXPENDITURES AND OTHER	30	
STATE OF NH- POST RETIREMENT	28	
	<u>1,938</u>	
	(663)	
NET CASH FLOW		
	<u>519</u>	
CLOSING FUND BALANCE	<u>519</u>	

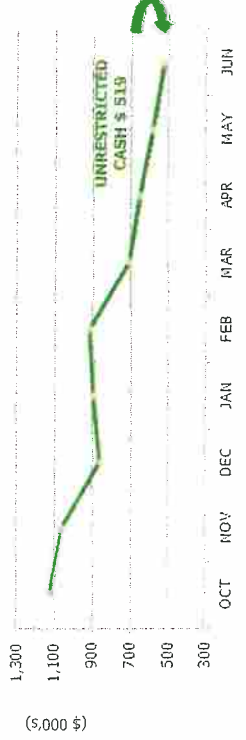
DISCUSSION

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

BULKHEAD INVESTIGATION AND REHABILITATION- PORTSMOUTH FISH PIER.

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

PROJECTED UNRESTRICTED CASH BALANCES



	<u>BALANCE AT 09-30-2019</u>	<u>BALANCE AT 06-30-2019</u>
TOTAL FUND BALANCES		
UNRESTRICTED FUNDS	<u>1,182</u>	<u>1,009</u>
RESTRICTED FUNDS:		
HARBOR DREDGING	193	379
REVOLVING LOAN FUND	230	196
FOREIGN TRADE ZONE	3	4
	<u>426</u>	<u>579</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>1,182</u>	<u>1,125</u>	<u>1,057</u>	<u>853</u>	<u>888</u>	<u>908</u>	<u>702</u>	<u>648</u>	<u>580</u>	<u>1,182</u>
SOURCES OF FUNDS										
FACILITY RENTALS	65	65	65	65	65	65	65	67	67	589
FUEL SALES	30	29	29	25	25	25	25	29	29	246
MOORING FEES	-	-	-	100	120	15	-	-	-	235
PARKING FEES	20	10	-	-	-	-	10	20	20	80
REGISTRATIONS / WHARFAGE	25	-	-	25	-	-	25	-	-	75
CONCESSION REVENUES	-	-	-	-	-	-	-	10	40	50
	<u>140</u>	<u>104</u>	<u>94</u>	<u>215</u>	<u>210</u>	<u>105</u>	<u>125</u>	<u>126</u>	<u>156</u>	<u>1,275</u>
USE OF FUNDS										
PERSONNEL SERVICES AND BENEFITS	100	95	240	100	105	245	110	115	115	1,225
FUEL PROCUREMENT	45	30	20	30	30	25	20	30	30	260
UTILITIES	14	15	15	16	16	17	16	15	16	140
GENERAL AND ADMINISTRATIVE	13	12	13	14	14	14	13	14	13	120
BUILDINGS AND FACILITIES	15	10	10	10	15	10	10	10	15	105
PROFESSIONAL SERVICES	10	-	-	10	-	-	10	-	-	30
CAPITAL EXPENDITURES AND OTHER	-	10	-	-	10	-	-	10	-	30
STATE OF NH- POST RETIREMENT	-	-	-	-	-	-	-	-	28	28
	<u>197</u>	<u>172</u>	<u>298</u>	<u>180</u>	<u>190</u>	<u>311</u>	<u>179</u>	<u>194</u>	<u>217</u>	<u>1,938</u>
NET CASH FLOW	<u>(57)</u>	<u>(68)</u>	<u>(204)</u>	<u>35</u>	<u>20</u>	<u>(206)</u>	<u>(54)</u>	<u>(68)</u>	<u>(61)</u>	<u>(663)</u>
CLOSING FUND BALANCE	<u>1,125</u>	<u>1,057</u>	<u>853</u>	<u>888</u>	<u>908</u>	<u>702</u>	<u>648</u>	<u>580</u>	<u>519</u>	<u>519</u>

DIVISION OF PORTS AND HARBORS

STATEMENT OF CASH FLOW- HARBOR DREDGING FUND

(RESTRICTED FUNDS)

(\$ 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	193	211	171	190	191	163	164	177	136	193
S2OURCES OF FUNDS										
PIER USAGE FEES	15	-	15	-	10	-	10	-	20	70
REGISTRATIONS	-	10	-	-	10	-	-	10	-	30
FUEL FLOWAGE FEES	3	4	4	3	4	3	3	3	4	31
GRANT FUNDING	-	-	-	-	-	-	-	-	-	-
	18	14	19	3	24	3	13	13	24	131
USE OF FUNDS										
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES	-	2	-	2	-	2	-	2	-	8
GENERAL AND ADMINISTRATIVE	-	2	-	-	2	-	-	2	-	6
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	-	-	-	-	-	-	-	-	-	-
ALL OTHER- (CBOC)	-	50	-	-	50	-	-	50	-	150
	18	(40)	19	1	52	2	13	54	24	(33)
NET CASH FLOW										
CLOSING FUND BALANCE	211	171	190	191	163	164	177	136	160	160

DIVISION OF PORTS AND HARBORS

STATEMENT OF CASH FLOW - REVOLVING LOAN FUND

(RESTRICTED FUNDS)

(\$ 000'S)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
OPENING FUND BALANCE	<u>230</u>	<u>241</u>	<u>155</u>	<u>168</u>	<u>178</u>	<u>190</u>	<u>200</u>	<u>210</u>	<u>221</u>	<u>230</u>
SOURCES OF FUNDS										
LOAN REPAYMENTS	12	12	11	11	11	11	11	11	11	101
INTEREST INCOME-LOANS	3	3	3	3	3	2	2	2	2	23
INTEREST INCOME- FUND BALANCE	1	-	1	-	1	-	1	-	1	5
	<u>16</u>	<u>15</u>	<u>15</u>	<u>14</u>	<u>15</u>	<u>13</u>	<u>14</u>	<u>13</u>	<u>14</u>	<u>129</u>
USE OF FUNDS										
NEW LOANS ISSUED	-	98	-	-	-	-	-	-	-	98
PERSONNEL SERVICES AND BENEFITS	-	-	-	-	-	-	-	-	-	-
BUILDINGS AND FACILITIES	-	-	-	-	-	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	2	-	-	2	-	-	2	-	-	6
UTILITIES	-	-	-	-	-	-	-	-	-	-
PROFESSIONAL SERVICES	3	3	2	2	3	3	2	2	2	22
ALL OTHER	-	-	-	-	-	-	-	-	-	-
NET CASH FLOW	<u>5</u>	<u>101</u>	<u>2</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>126</u>
	11	(86)	13	10	12	10	10	11	12	3
CLOSING FUND BALANCE	<u>241</u>	<u>155</u>	<u>168</u>	<u>178</u>	<u>190</u>	<u>200</u>	<u>210</u>	<u>221</u>	<u>233</u>	<u>233</u>

MOTION

Director Bohenko:

In accordance with the recommendation of the Pease Development Authority Audit Committee, the Pease Development Authority (PDA) Board of Directors accepts receipt of the Certified Annual Financial Statements for the years ended June 30, 2018 and 2019 and the Uniform Guidance Audit of Federal Awards for the year ended June 30, 2019, *both attached in draft form*; all as otherwise prepared and submitted by PDA's independent auditor Berry, Dunn, McNeill and Parker, LLC.

Whereas the final Annual Financial Statement is subject to receipt of an audit letter from the law firm of Kutak Rock and the receipt of the final actuarial report as prepared by Segal Consulting for the State of New Hampshire, the Board of Directors 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.

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

Financial Statements,
Management's Discussion and Analysis,
and Supplementary Information

*Years Ended June 30, 2019 and 2018
With Independent Auditor's Report*

DRAFT OCTOBER 9, 2019



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

FINANCIAL STATEMENTS

Years Ended June 30, 2019 and 2018

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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

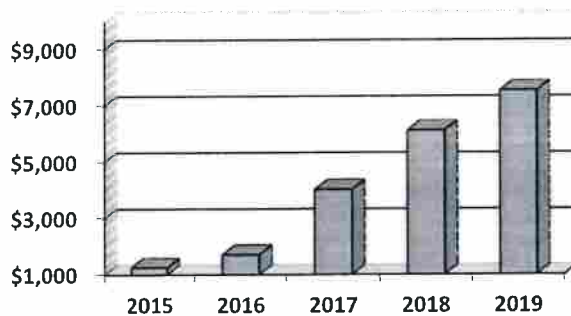
David R. Mullen
Executive Director and Secretary
Hired by the Pease Development Authority Board of Directors



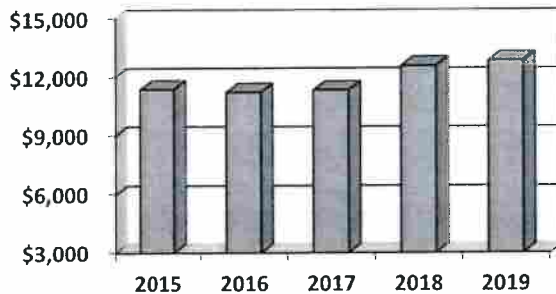
PEASE DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Hampshire)
FINANCIAL HIGHLIGHTS (UNAUDITED)
(\$ in Thousands)

	2015	2016	2017	2018	2019
Consolidated Revenues					
Tradeport	\$ 7,826	\$ 8,028	\$ 8,264	\$ 8,361	\$ 8,723
Ports and Harbors	2,762	2,474	2,495	2,702	2,869
Golf Course	2,197	2,420	2,472	2,693	2,672
Aviation	1,117	1,237	1,237	1,267	2,006
Total	\$ 13,902	\$ 14,159	\$ 14,468	\$ 15,023	\$ 16,270

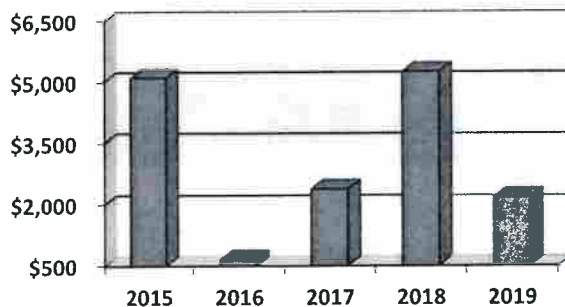
UNRESTRICTED CASH AND CASH EQUIVALENTS



OPERATING EXPENSES (EXCLUDING DEPRECIATION)



CONTRIBUTED CAPITAL



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

June 30	Amount
2015	\$ 3,345
2016	465
2017	349
2018	233
2019	116

- Capital assets excluding accumulated depreciation, 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
2015	\$ 159,556
2016	161,023
2017	164,071
2018	170,624
2019	173,770

- Net cash provided by operating activities has stabilized during the past several fiscal years.

June 30	Amount
2015	\$ 2,748
2016	4,221
2017	3,382
2018	3,189
2019	3,182



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, 2019 and 2018, 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, 2019 and 2018, 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 48 to 51 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 basic 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 basic financial statements. The financial highlights section has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October xx, 2019 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.

Bangor, Maine
October xx, 2019

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, 2019, 2018 and 2017.

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. For governmental entities, an 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, 2019 and 2018.

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. Tables within the MD&A containing historical information prior to 2018, do not reflect the restatement.

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 2019 to 2018

Changes in Current Assets

	June 30, 2019	June 30, 2018	\$ Increase (Decrease)	% Increase (Decrease)
Cash and Cash Equivalents	\$ 7,549	\$ 6,134	\$ 1,415	23.1
Accounts Receivable - Net	1,184	2,058	(874)	(42.5)
Other Current Assets	586	500	86	17.2
Total Current Assets	\$ <u>9,319</u>	\$ <u>8,692</u>	\$ <u>627</u>	<u>7.2</u>

PDA's current assets increased by \$627 thousand or 7.2% primarily due to the increases in cash and cash equivalents which were offset by a decrease in 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 0.5% and 0.2% of total accounts receivable at June 30, 2019 and 2018, respectively.

Comparison of 2018 to 2017

Changes in Current Assets

	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	500	536	(36)	(6.7)
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 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.

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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 2019 to 2018

Changes in Restricted Assets

(\$ in Thousands)				
	June 30, 2019	June 30, 2018	\$ Increase (Decrease)	% Increase (Decrease)
Cash and Cash Equivalents	\$ 579	\$ 489	\$ 90	18.4
Revolving Loan Fishery Fund Receivable	1,012	1,151	(139)	(12.1)
Accounts Receivable Other - Net	5	2	3	150.0
Total Restricted Assets	<u>\$ 1,596</u>	<u>\$ 1,642</u>	<u>\$ (46)</u>	<u>(2.8)</u>

Total restricted assets decreased by approximately \$46 thousand or 2.8% primarily due to the decrease in loans receivable balances associated with the Revolving Loan Fishery Fund. Total assets associated with the Revolving Loan Fishery Fund had a composite valuation of approximately \$1.2 million at June 30, 2019 and 2018. There were 22 individual loans outstanding at June 30, 2019 and 26 individual loans outstanding at June 30, 2018. Offsetting this decrease was the authorized funding provided by the Harbor Dredging and Pier Maintenance Fund to support various repairs and renovations associated with the Division of Ports and Harbors (DPH) operations at the Hampton Harbor, Rye Harbor and the Portsmouth Fish Pier.

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	2	4	(2)	(50.0)
Total Restricted Assets	<u>\$ 1,642</u>	<u>\$ 1,772</u>	<u>\$ (130)</u>	<u>(7.3)</u>

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 expenditures associated with the authorized funding provided by the Harbor Dredging and Pier Maintenance Fund to support various repairs and renovations associated with the Division of Ports and Harbors (DPH) operations at the Hampton Harbor, Rye Harbor and the Portsmouth Fish Pier. Total assets associated with the Revolving Loan Fishery Fund had a composite valuation of approximately \$1.2 million and \$1.1 million at June 30, 2018 and 2017, respectively. There were 26 individual loans outstanding at June 30, 2018 and 27 individual loans outstanding at June 30, 2017.

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

Capital Assets

PDA independently develops and maintains the Tradeport. Through the 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 2019 to 2018

Changes in Capital Assets



	June 30, 2019	June 30, 2018	\$ Increase (Decrease)	% Increase (Decrease)
Land	\$ 7,521	\$ 7,521	\$ -	-
Facilities Improvements	147,438	146,365	1,073	0.7
Equipment	15,491	14,710	781	5.3
Construction in Process	<u>3,320</u>	<u>2,027</u>	<u>1,293</u>	<u>63.8</u>
Gross Capital Assets	173,770	170,623	3,147	1.8
Accumulated Depreciation	<u>(109,203)</u>	<u>(103,567)</u>	<u>(5,636)</u>	<u>(5.4)</u>
Total Capital Assets	\$ <u>64,567</u>	\$ <u>67,056</u>	\$ <u>(2,489)</u>	<u>(3.7)</u>

PDA's capital acquisitions totaled approximately \$3.1 million in 2019 primarily in support of either federal or state funded projects. The more significant capital projects included runway reconstruction and terminal expansion activities at PSM. Additional funds were expended in support of equipment needs and various infrastructure improvements at the DPH including the functional replacement of the Barge Dock. Approximately \$1.6 million of the total capital expenditures were either grant funded or supported by the State for purposes of PDA-DPH.

PDA had commitments under construction contracts associated with federal grants totaling approximately \$32.8 million and \$2.4 million at June 30, 2019 and 2018 respectively. The more significant commitments under construction contracts at June 30, 2019 included \$24.3 million for the PSM Runway Reconstruction project, \$4.1 million for the PSM Terminal Expansion and \$3.9 million for the DPH Functional Replacement of the Barge Dock.

Comparison of 2018 to 2017

Changes in Capital Assets



	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	<u>2,027</u>	<u>1,304</u>	<u>723</u>	<u>55.4</u>
Gross Capital Assets	170,623	164,071	6,552	4.0
Accumulated Depreciation	<u>(103,567)</u>	<u>(98,400)</u>	<u>(5,167)</u>	<u>(5.3)</u>
Total Capital Assets	\$ <u>67,056</u>	\$ <u>65,671</u>	\$ <u>1,385</u>	<u>2.1</u>

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

Capital Assets (concluded)

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.

PDA had commitments under construction contracts associated with federal grants totaling approximately \$2.4 million and \$4.4 million at June 30, 2018 and 2017 respectively. The more significant commitments under construction contracts at June 30, 2018 included \$1.1 million for the PSM Terminal Expansion and \$0.6 million for the PSM Runway Reconstruction project.

Long-Term Liabilities

Comparison of 2019 to 2018

Changes in Long-Term Liabilities

(\$ in Thousands)				
	June 30, 2019	June 30, 2018	\$ Increase (Decrease)	% Increase (Decrease)
Other Postemployment Benefits	\$ 7,292	\$ 8,239	\$ (947)	(11.5)
Net Pension Liability	4,384	4,986	(602)	(12.1)
Retiree Health Benefit Program	273	364	(91)	(25.0)
State of New Hampshire Account Payable	252	252	-	-
Compensated Absences – Net	95	96	(1)	(1.0)
City of Portsmouth - Waste Water Treatment Facility	-	116	(116)	(100.0)
Total Long-Term Liabilities	<u>\$ 12,296</u>	<u>\$ 14,053</u>	<u>\$ (1,757)</u>	<u>(12.5)</u>

The PDA decreased its total noncurrent liabilities outstanding during the fiscal year by approximately \$1.8 million or 12.5%. The more significant decreases were associated with the changes in the Net Pension Liability and Other Postemployment Benefits which was reflective of the overall 8.9% investment performance return on plan assets which was greater than the targeted performance benchmark of 7.25%. During the fiscal year, a total of \$116 thousand 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 2019 fiscal year, PDA's overall cost of capital was 4.5%.

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

Long-Term Liabilities (concluded)

Comparison of 2018 to 2017

Changes in Long-Term Liabilities

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

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 on plan assets 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%.

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 2019 to 2018

Statements of Net Position

	June 30, 2019	June 30, 2018	\$ Increase (Decrease)	% Increase (Decrease)
Current Assets	\$ 9,319	\$ 8,692	\$ 627	7.2
Restricted Assets	1,596	1,642	(46)	(2.8)
Capital Assets	64,567	67,056	(2,489)	(3.7)
Total Assets	<u>75,482</u>	<u>77,390</u>	<u>(1,908)</u>	<u>(2.5)</u>
Deferred Outflows of Resources	1,564	1,753	(189)	(10.8)
Current Liabilities	3,309	4,904	(1,595)	(32.5)
Noncurrent Liabilities	12,296	14,053	(1,757)	(12.5)
Total Liabilities	<u>15,605</u>	<u>18,957</u>	<u>(3,352)</u>	<u>(17.7)</u>
Deferred Inflows of Resources	3,221	2,612	609	23.3
Net Investment in Capital Assets	63,931	64,400	(469)	(0.7)
Restricted Net Position	1,342	1,388	(46)	(3.3)
Unrestricted Net Position	(7,054)	(8,213)	1,159	14.1
Total Net Position	<u>\$ 58,219</u>	<u>\$ 57,575</u>	<u>\$ 644</u>	<u>1.1</u>

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

Net Position (concluded)

PDA's total assets decreased \$1.9 million or 2.5% primarily due to the decrease in capital assets which reflects depreciation expense being greater than additions to construction in process. Restricted assets are primarily represented by the Revolving Loan Fishery Fund, which had an approximate value of \$1.2 million at June 30, 2019 and 2018.

The \$3.4 million decrease, or 17.7% in total liabilities, was primarily due to decreases in the Net Pension Liability, Other Postemployment Benefits and Accounts Payable for Capital Assets. During the fiscal year, the Net Pension Liability was reduced by \$602 thousand while Other Postemployment Benefits were reduced by \$0.9 million with both reductions associated with the investment returns of plan assets being in excess of targeted benchmarks and changes to assumptions.

Comparison of 2018 to 2017

Statements of Net Position

(\$ in Thousands)

	June 30, 2018	June 30, 2017	\$ Increase (Decrease)	% Increase (Decrease)
Current Assets	\$ 8,692	\$ 5,892	\$ 2,800	47.5
Restricted Assets	1,642	1,772	(130)	(7.3)
Capital Assets	<u>67,056</u>	<u>65,671</u>	<u>1,385</u>	<u>2.1</u>
Total Assets	<u>77,390</u>	<u>73,335</u>	<u>4,055</u>	<u>5.5</u>
Deferred Outflows of Resources	<u>1,753</u>	<u>1,722</u>	<u>31</u>	<u>1.8</u>
Current Liabilities	4,904	3,168	1,736	54.8
Noncurrent Liabilities	<u>14,053</u>	<u>6,080</u>	<u>7,973</u>	<u>131.1</u>
Total Liabilities	<u>18,957</u>	<u>9,248</u>	<u>9,709</u>	<u>105.0</u>
Deferred Inflows of Resources	<u>2,612</u>	<u>209</u>	<u>2,403</u>	<u>1,150.0</u>
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	<u>(8,213)</u>	<u>(352)</u>	<u>(7,861)</u>	<u>(2,233.2)</u>
Total Net Position	<u>\$ 57,575</u>	<u>\$ 65,600</u>	<u>\$ (8,025)</u>	<u>(12.2)</u>

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.

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.

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

Change in Net Position

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

Comparison of 2019 to 2018

Statements of Revenues, Expenses and Changes in Net Position

(In thousands)

	June 30, 2019	June 30, 2018	\$ Increase (Decrease)	% Increase (Decrease)
Operating Revenue				
Rental of Facilities	\$ 9,792	\$ 9,468	\$ 324	3.4
Fee Revenues	4,261	3,327	934	28.1
Fuel Sales	879	838	41	4.9
Concession and Other Miscellaneous	<u>1,338</u>	<u>1,390</u>	<u>(52)</u>	<u>(3.7)</u>
Total Operating Revenues	<u>16,270</u>	<u>15,023</u>	<u>1,247</u>	<u>8.3</u>
Operating Expenses				
Personnel Services and Benefits	6,243	7,502	(1,259)	(16.8)
Depreciation	5,636	5,836	(200)	(3.4)
Building and Facilities Maintenance	1,660	1,623	37	2.3
Professional Services	1,658	834	824	99.0
Other	<u>2,669</u>	<u>2,617</u>	<u>52</u>	<u>1.9</u>
Total Operating Expenses	<u>17,866</u>	<u>18,412</u>	<u>(546)</u>	<u>(3.0)</u>
Operating Loss	(1,596)	(3,389)	1,793	52.9
Nonoperating Income (Expense)				
Loss on Disposition of Assets	-	(29)	29	100.0
Interest Expense	(8)	(13)	5	(38.5)
Interest Income	<u>57</u>	<u>23</u>	<u>34</u>	<u>147.8</u>
Net Non-operating Income (Expense)	<u>49</u>	<u>(19)</u>	<u>68</u>	<u>357.9</u>
Loss Before Contributed Capital	(1,547)	(3,408)	1,861	54.6
Contributed Capital	<u>2,191</u>	<u>5,244</u>	<u>(3,053)</u>	<u>(58.2)</u>
Change in Net Position	644	1,836	(1,192)	(64.9)
Net Position at Beginning of Year, as Previously stated	57,575	65,600	(8,025)	(12.2)
Cumulative Effect of Change in Accounting Principle	<u>-</u>	<u>(9,861)</u>	<u>9,861</u>	<u>100.0</u>
Net Position at the Beginning of the Year, as Restated	<u>57,575</u>	<u>55,739</u>	<u>1,836</u>	<u>3.3</u>
Net Position at End of Year	<u>\$ 58,219</u>	<u>\$ 57,575</u>	<u>\$ 644</u>	<u>1.1</u>

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

Change in Net Position (continued)

Comparison of 2019 to 2018 (concluded)

Total operating revenues increased by \$1.2 million or 8.3% primarily due to the adoption of pay for parking and fuel flowage fees at PSM. Additional increases were associated with registrations and wharfage and dockage activities at DPH as well as facility rentals at the International Tradeport.

Total operating expenses decreased by approximately \$0.5 million, or 3.0%. The net change in operating expenses was primarily comprised of \$1.3 million in reduced personnel services and benefits due to lower pension and postemployment costs which were offset by \$0.8 million in a litigation settlement with the Conservation Law Foundation.

Net non-operating expense decreased by approximately \$68 thousand due to interest income increases associated with increases in cash and cash equivalents. In addition, the PDA did not have to secure any external borrowings to offset capital expenditures or the need for increased working capital levels. The ongoing reduction in interest expenses is reflective of PDA's ability to internally fund capital project related activities.

The decrease in contributed capital of \$3.1 million, or 58.2%, reflects decreased grant related construction projects at PSM and the DAW during the current fiscal year. During the year ended June 30, 2019, a total of \$3.1 million was spent on the purchase of capital assets of which approximately \$1.6 million were either grant funded or supported by the State for purposes of PDA-DPH.

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

Change in Net Position (continued)

Comparison of 2018 to 2017

Statements of Revenues, Expenses and Changes in Net Position

	June 30, 2018	June 30, 2017	\$ Increase (Decrease)	% Increase (Decrease)
Operating Revenue				
Rental of Facilities	\$ 9,468	\$ 9,588	\$ (120)	(1.3)
Fee Revenues	3,327	3,040	287	9.4
Fuel Sales	838	684	154	22.5
Concession and Other Miscellaneous	<u>1,390</u>	<u>1,156</u>	<u>234</u>	<u>20.2</u>
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
Professional Services	834	729	104	14.3
Other	2,617	2,333	284	12.2
Total Operating Expenses	<u>18,412</u>	<u>17,300</u>	<u>1,111</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	<u>23</u>	<u>7</u>	<u>16</u>	<u>228.6</u>
Net Non-operating Expense	<u>(19)</u>	<u>(11)</u>	<u>(8)</u>	<u>72.7</u>
Loss Before Contributed Capital	(3,408)	(2,843)	(565)	(19.9)
Contributed Capital	<u>5,244</u>	<u>2,388</u>	<u>2,856</u>	<u>119.6</u>
Change in Net Position	1,836	(455)	2,291	503.5
Net Position at Beginning of Year, as Previously stated	65,600	66,055	(455)	(0.7)
Cumulative Effect of Change in Accounting Principle	<u>(9,861)</u>	<u>-</u>	<u>(9,861)</u>	<u>(100.0)</u>
Net Position at the Beginning of the Year, as Restated	<u>55,739</u>	<u>66,055</u>	<u>(10,316)</u>	<u>(15.6)</u>
Net Position at End of Year	<u>\$ 57,575</u>	<u>\$ 65,600</u>	<u>\$ (8,025)</u>	<u>(12.2)</u>

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

Change in Net Position (concluded)

Comparison of 2018 to 2017 (concluded)

Total operating revenues increased by \$555 thousand 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 or 6.4% 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. The cumulative effect of the change in accounting principle refers to the adoption of GASB Statement No. 75 on postemployment benefits. See Note 3 for further discussion. 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.

Contacting the PDA's Leadership Team

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

Other members of the PDA's Leadership Team, effective July 1, 2019, include:

Paul Brean
Deputy Director and Airport Director

Lynn Hinchee
General Counsel

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

Captain Geno Marconi
Director- Division of Ports and Harbors

Scott DeVito
Golf Course General Manager

Maria Stowell, P.E.
Engineering Manager

PEASE DEVELOPMENT AUTHORITY
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STATEMENTS OF NET POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 7,548,974	\$ 6,133,688
Accounts Receivable - Net	1,183,811	2,058,191
Other Current Assets	586,287	499,932
Total Current Assets	<u>9,319,072</u>	<u>8,691,811</u>
Restricted Assets:		
Cash and Cash Equivalents	579,004	489,215
Loans and Accounts Receivable - Net	1,016,689	1,153,148
Total Restricted Assets	<u>1,595,693</u>	<u>1,642,363</u>
Capital Assets	<u>64,567,106</u>	<u>67,056,228</u>
Total Assets	<u>75,481,871</u>	<u>77,390,402</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	677,926	597,314
Pension	885,913	1,155,745
Total Deferred Outflows of Resources	<u>1,563,839</u>	<u>1,753,059</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	2,099,945	1,592,467
Accounts Payable for Capital Assets	519,725	2,423,247
Unearned Revenues	573,312	680,991
Current Portion of Noncurrent Liabilities	116,290	207,214
Total Current Liabilities	<u>3,309,272</u>	<u>4,903,919</u>
Noncurrent Liabilities:		
Other Postemployment Benefits	7,291,881	8,238,717
Net Pension Liability	4,384,392	4,986,400
Other Noncurrent Liabilities	619,865	827,908
Total Noncurrent Liabilities	<u>12,296,138</u>	<u>14,053,025</u>
Total Liabilities	<u>15,605,410</u>	<u>18,956,944</u>
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	2,593,514	2,314,460
Pension	627,495	297,321
Total Deferred Inflows of Resources	<u>3,221,009</u>	<u>2,611,781</u>
NET POSITION		
Net Investment in Capital Assets	63,931,091	64,400,401
Restricted For:		
Revolving Loan Fishery Fund	1,203,959	1,197,831
Harbor Dredging and Pier Maintenance	133,695	180,031
Foreign Trade Zone	4,307	10,105
Unrestricted	(7,053,761)	(8,213,632)
Total Net Position	<u>\$ 58,219,291</u>	<u>\$ 57,574,736</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Rental of Facilities	\$ 9,792,325	\$ 9,467,725
Fee Revenues:		
Golf Course Operations	2,056,393	2,018,938
Mooring, Dockage, Pier Usage and Boat Registrations	1,396,540	1,166,502
All Other	807,666	142,119
Total Fee Revenues	<u>4,260,599</u>	<u>3,327,559</u>
Fuel Sales	878,918	837,731
Concession and Other Miscellaneous	1,338,341	1,390,465
Total Operating Revenues	<u>16,270,183</u>	<u>15,023,480</u>
Operating Expenses		
Personnel Services and Benefits	6,243,243	7,502,468
Depreciation	5,635,999	5,836,369
Building and Facilities Maintenance	1,660,233	1,622,793
Professional Services	1,657,838	833,145
General and Administrative	785,076	833,528
Utilities	738,461	713,453
All Other	1,145,335	1,070,877
Total Operating Expenses	<u>17,866,185</u>	<u>18,412,633</u>
Operating Loss	<u>(1,596,002)</u>	<u>(3,389,153)</u>
Nonoperating Income (Expense)		
Interest Income	57,587	22,905
Interest Expense	(8,021)	(13,213)
Loss on Disposition of Capital Assets	-	(28,641)
Total Nonoperating Income (Expense)	<u>49,566</u>	<u>(18,949)</u>
Loss Before Contributed Capital	(1,546,436)	(3,408,102)
Contributed Capital	2,190,991	5,243,787
Change in Net Position	644,555	1,835,685
Net Position at Beginning of Year, as previously stated	57,574,736	65,600,076
Cumulative Effect of Change in Accounting Principle	-	(9,861,025)
Net Position at Beginning of Year, as restated	<u>57,574,736</u>	<u>55,739,051</u>
Net Position at End of Year	<u>\$ 58,219,291</u>	<u>\$ 57,574,736</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Cash Received from Customers	\$ 17,117,760	\$ 14,327,226
Cash Payments to Personnel for Services and Benefits	(6,807,861)	(6,421,372)
Cash Payments to Suppliers of Goods and Services	(7,128,379)	(4,716,448)
	<u>3,181,520</u>	<u>3,189,406</u>
Net Cash Provided by Operating Activities		
Cash Flows From Capital and Related Financing Activities		
Contributed Capital Received	3,440,678	4,527,371
Acquisition of Capital Assets	(5,050,399)	(5,714,379)
Interest Paid on Capital Debt	(8,021)	(13,213)
Repayment of Long-Term Liabilities	(116,290)	(116,290)
	<u>(1,734,032)</u>	<u>(1,316,511)</u>
Net Cash Used by Capital and Related Financing Activities		
Cash Flows From Investing Activities		
Interest Income Received	57,587	22,905
	<u>1,505,075</u>	<u>1,895,800</u>
Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents - Beginning of Year	6,622,903	4,727,103
	<u>\$ 8,127,978</u>	<u>\$ 6,622,903</u>
Cash and Cash Equivalents - End of Year		

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating Loss	\$ (1,596,002)	\$ (3,389,153)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	5,635,999	5,836,369
Change in Allowance for Doubtful Accounts	-	1,500
Compensated Absences - Net	(830)	(9,799)
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Accounts Receivable	(238,848)	(96,223)
Other Assets	(86,355)	36,565
Deferred Outflows of Resources - OPEB	(80,612)	(390,000)
Deferred Outflows of Resources - Pension	269,832	566,470
Accounts Payable and Accrued Expenses	507,478	127,421
Unearned Revenues	(107,679)	(17,807)
Retiree Health Benefit Program	(181,847)	454,619
Other Postemployment Benefits (OPEB)	(946,836)	(1,844,400)
Net Pension Liability	(602,008)	(503,577)
Deferred Inflows of Resources - OPEB	279,054	2,329,238
Deferred Inflows of Resources - Pension	330,174	88,183
Net Cash Provided by Operating Activities	<u>\$ 3,181,520</u>	<u>\$ 3,189,406</u>
Reconciliation of Noncash Activity:		
Contributed Capital Income	\$ 2,190,991	\$ 5,243,787
Less: Accounts Receivable as of End of Year	(253,729)	(1,503,416)
Add: Accounts Receivable as of Prior Year End	1,503,416	787,000
Contributed Capital Received	<u>\$ 3,440,678</u>	<u>\$ 4,527,371</u>
Acquisition of Capital Assets	\$ 3,146,877	\$ 7,250,912
Less: Accounts Payable and Accrued Expenses as of End of Year	(519,725)	(2,423,247)
Transfer of Capitalized Project to Expense	-	(1,150)
Add: Payments on Short-Term Trade Accounts to Finance Acquisitions of Capital Assets	2,423,247	887,864
Payments for the Acquisition of Capital Assets	<u>\$ 5,050,399</u>	<u>\$ 5,714,379</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, 2019 and 2018

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, 2019 and 2018

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.

Loans and Accounts Receivable

Loans and 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, 2019 and 2018

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, 2019 and 2018

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, 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 standards as of the beginning of the year ended June 30, 2018 was \$9,861,025 and is reported as a cumulative effect of change in accounting principle.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

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. Revised Statute Annotated (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, 2019 and 2018, 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:

	2019	2018
Tenants	\$ 936,582	\$ 561,275
Intergovernmental	253,729	1,503,416
Allowance for Doubtful Accounts	(6,500)	(6,500)
	\$ 1,183,811	\$ 2,058,191

6. Other Current Assets

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

	2019	2018
Inventories	\$ 410,260	\$ 354,442
Prepaid Insurance	143,930	121,230
All Other	32,097	24,260
	\$ 586,287	\$ 499,932

7. Restricted Cash and Cash Equivalents

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

	2019	2018
Harbor Dredging and Pier Maintenance	\$ 379,084	\$ 430,682
Revolving Loan Fishery Fund	195,613	48,428
Foreign Trade Zone	4,307	10,105
	\$ 579,004	\$ 489,215

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

8. Restricted Loans and Accounts Receivable

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

	2019	2018
Revolving Loan Fishery Fund		
Due Within One Year	\$ 155,736	\$ 141,695
Due in More Than One Year	856,648	1,009,853
Tenants	4,305	1,600
	\$ 1,016,689	\$ 1,153,148

9. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Disposals	Transfers	Balance June 30, 2019
Land	\$ 7,520,786	\$ -	\$ -	\$ -	\$ 7,520,786
Buildings and Facilities Improvements	146,365,495	-	-	1,072,283	147,437,778
Equipment	14,710,627	-	-	780,879	15,491,506
Construction in Process	2,026,638	3,146,877	-	(1,853,162)	3,320,353
	170,623,546	3,146,877	-	-	173,770,423
Less Accumulated Depreciation	(103,567,318)	(5,635,999)	-	-	(109,203,317)
	\$ 67,056,228	\$ (2,489,122)	\$ -	\$ -	\$ 64,567,106

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

9. Capital Assets (concluded)

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	141,327,370	-	(294,967)	5,333,092	146,365,495
Equipment	13,919,027	-	(402,204)	1,193,804	14,710,627
Construction in Process	<u>1,303,772</u>	<u>7,250,912</u>	-	<u>(6,528,046)</u>	<u>2,026,638</u>
	164,070,955	7,250,912	(697,171)	(1,150)	170,623,546
Less Accumulated Depreciation	(98,399,479)	(5,836,369)	668,530	-	(103,567,318)
	<u>\$ 65,671,476</u>	<u>\$ 1,414,543</u>	<u>\$ (28,641)</u>	<u>\$ (1,150)</u>	<u>\$ 67,056,228</u>

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:

	2019	2018
Mooring Permits	\$ 257,935	\$ 255,999
Golf Course Membership Fees	235,794	223,609
All Other	79,583	201,383
	<u>\$ 573,312</u>	<u>\$ 680,991</u>

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, 2019 and 2018

11. Revolving Line of Credit Facility

PDA currently has a \$15,000,000 unsecured Revolving Line of Credit Facility ("RLOC") secured through The Provident Bank, which matures December 31, 2022. 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 rate 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 and cash flow needs for capital projects. There were no amounts outstanding on this RLOC as of June 30, 2019 and 2018.

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 \$6,586,836 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 \$116,290 and \$232,580 were outstanding at June 30, 2019 and 2018, respectively. Debt service requirements at June 30, 2019 are as follows:

Year	Principal	Interest	Total
2020	\$ 116,290	\$ 5,192	\$ 121,482

13. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due in One Year
Other Postemployment Benefits	\$ 8,238,717	-	\$ (946,836)	\$ 7,291,881	\$ -
Net Pension Liability	4,986,400	-	(602,008)	4,384,392	-
Retiree Health Benefit Program	454,619	-	(181,847)	272,772	-
State of New Hampshire Account Payable	252,250	-	-	252,250	-
City of Portsmouth - Waste Water Treatment Facility	232,580	-	(116,290)	116,290	116,290
Compensated Absences- Net	95,673	-	(830)	94,843	-
	\$ 14,260,239	\$ -	\$ (1,847,811)	\$ 12,412,428	\$ 116,290

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

13. Changes in Long-Term Liabilities (concluded)

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
Other Postemployment Benefits	\$ -	10,505,717	\$(1,812,000)	\$ 8,238,717	\$ -
Net Pension Liability	5,489,977	-	(503,577)	4,986,400	-
Retiree Health Benefit Program	-	454,619	-	454,619	90,924
State of New Hampshire Account Payable	252,250	-	-	252,250	-
City of Portsmouth - Waste Water Treatment Facility	348,870	-	(116,290)	232,580	116,290
Compensated Absences- Net	105,472	-	(9,799)	95,673	-
	\$ 6,196,569	\$ 10,505,336	\$ (2,441,666)	\$ 14,260,239	\$ 207,214

14. Other Noncurrent Liabilities

Other noncurrent liabilities were represented by the following at June 30:

	2019	2018
Retiree Health Benefit Program	\$ 272,772	\$ 363,695
State of New Hampshire Account Payable	252,250	252,250
Compensated Absences- Net	94,843	95,673
City of Portsmouth- Waste Water Treatment Facility	-	116,290
	\$ 619,865	\$ 827,908

15. 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.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018**

15. Rental of Facilities (concluded)

At June 30, 2019, the projected minimum future revenue from noncancelable rental agreements is approximately:

Year	Amount
2020	\$ 9,693,000
2021	8,845,000
2022	7,965,000
2023	7,108,000
2024	6,780,000
Thereafter	74,757,000
	\$ 115,148,000

16. 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.

17. 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, which expired on September 30, 2018 is currently under review by both parties.

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18. 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 2019 and 2018.

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.

19. Defined Benefit Pension Plan

Plan Description

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

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

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

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.

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19. Defined Benefit Pension Plan (continued)

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 administers the plan and 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 11.08% for the two-year period ending June 30, 2019. Effective July 1, 2019, the employer share was decreased to 10.88% and will remain fixed through June 30, 2021. For Group II employees, effective July 1, 2017, the contribution rate was 25.33% and remained fixed through June 30, 2019. Effective July 1, 2019, the contribution rate decreased to 24.77% and will remain fixed through June 30, 2021.

For the years ended June 30, 2019 and 2018, contributions to NHRS were \$439,882 and \$452,516, respectively.

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

At June 30, 2019, PDA reported a liability of \$4,384,392 for its proportionate share of the net pension liability. The net pension liability is based on an actuarial valuation performed as of June 30, 2017 and a measurement date of June 30, 2018. The net pension liability was rolled forward from June 30, 2017 to June 30, 2018. 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, 2018, PDA's proportion of the net pension liability was 0.0911%.

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 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%.

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June 30, 2019 and 2018

19. Defined Benefit Pension Plan (continued)

For the years ended June 30, 2019 and 2018, PDA recognized pension expense of \$437,862 and \$603,592, respectively.

At June 30, 2019, PDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual investment earnings on pension plan investments	\$ -	\$ 101,459
Changes in assumptions	303,422	-
Differences between expected and actual experience	34,995	35,501
Changes in proportion and differences between employer contributions and share of contributions	107,614	490,535
Contributions subsequent to the measurement date	439,882	-
	\$ 885,913	\$ 627,495

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 projected 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

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June 30, 2019 and 2018**

19. Defined Benefit Pension Plan (continued)

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

Amounts reported as deferred outflows related to pensions resulting from PDA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2020	\$ 106,946
2021	9,289
2022	(205,378)
2023	(92,321)
	\$ (181,464)

Actuarial Assumptions

The collective total pension liability at June 30, 2019 was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions, which apply to 2017 measurements:

Actuarial cost method	Entry-Age Normal
Amortization method	Level Percentage-of-Payroll, Closed
Remaining amortization period	21 years beginning July 1, 2018 (30 years beginning July 1, 2009)
Asset Valuation Method	5 Year smoothed market for funding purposes; 20% corridor
Investment Rate of Return	7.25% net of investment expenses, including inflation
Salary Rate Increase	5.60% average, including inflation
Price Inflation	2.50%
Wage Inflation	3.25%

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, 2018 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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

19. Defined Benefit Pension Plan (continued)

Long-Term Rates of Return

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

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

Asset Class	Target Allocation 2018	Target Allocation 2017	Weighted Average Long-Term Expected Real Rate of Return	
			2018	2017
Large Cap Equities	22.50%	22.50%	4.25%	4.25%
Small/Mid Cap Equities	<u>7.50</u>	<u>7.50</u>	4.50	4.50
Total Domestic Equity	<u>30.00</u>	<u>30.00</u>		
International Equities (Unhedged)	13.00	13.00	4.50	4.50
Emerging International Equities	<u>7.00</u>	<u>7.00</u>	6.00	6.25
Total International Equity	<u>20.00</u>	<u>20.00</u>		
Core Bonds	4.50	5.00	0.50	0.75
Short Duration	2.50	2.00	(0.25)	(0.25)
Global Multi-Sector Fixed Income	11.00	11.00	1.80	2.11
Absolute Return Fixed Income	<u>7.00</u>	<u>7.00</u>	1.14	1.26
Total Fixed Income	<u>25.00</u>	<u>25.00</u>		
Private Equity	5.00	5.00	6.25	6.25
Private Debt	5.00	5.00	4.25	4.75
Opportunistic	<u>5.00</u>	<u>5.00</u>	2.15	2.84
	<u>15.00</u>	<u>15.00</u>		
Real Estate	<u>10.00</u>	<u>10.00</u>	3.25	3.25
	<u>100.00%</u>	<u>100.00%</u>		

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018**

19. Defined Benefit Pension Plan (concluded)

Discount Rate

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

Sensitivity Analysis

The following presents PDA's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what PDA's proportionate share of the pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-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 Pension Liability	\$ 5,833,470	\$ 4,384,392	\$ 3,170,021

Pension Plan Fiduciary Net Position

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

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

Changes in Assumption for Purposes of Contribution Rates

On July 1, 2016, the Board of Trustees of NHRS announced a change to adopt revised actuarial assumptions based on the results of a five-year experience study conducted by the retirement systems consulting actuary. Included in these changes was the lowering of the assumed rate of return from 7.75% to 7.25%. This rate will be used to set employer contribution rates for fiscal years 2019 and 2020.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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20. Other Postemployment Benefits – New Hampshire Retirement System

Plan Description

In addition to providing pension benefits, NHRS administers a cost-sharing multiple-employer defined postemployment medical subsidy healthcare plan designated in statute (RSA 100-A:52, RSA 100-A:52a and RSA 100-A:52-b) by membership type. The membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. The NHRS OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. For qualified retirees not eligible for Medicare the subsidy amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan. For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan. There have been no increases in the monthly maximum subsidy amounts since July 1, 2007. The plan is closed to new entrants.

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

Contributions Required and Made

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

Plan members are not required to contribute to the OPEB Plans. PDA makes annual contributions to the OPEB Plans equal to the amount required by RSA 100-a: 52. For all Group I employees, effective July 1, 2017 the annual contribution rate was decreased from 1.64% to 1.07% and remained fixed through June 30, 2019. Effective July 1, 2019, the contribution rate decreased to 1.05% and will remain fixed through June 30, 2021. For Group II employees, effective July 1, 2017 the annual contribution rate was increased from 3.84% to 4.10% and remained fixed through June 30, 2019. Effective July 1, 2019, the contribution rate decreased to 3.66% and will remain fixed through June 30, 2021.

PDA's contributions to NHRS for the OPEB Plans for the years ended June 30, 2019 and 2018 were \$45,758 and \$45,795, respectively, which were equal to its ARC.

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20. 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

At June 30, 2019, PDA reported a liability of \$384,676 for its proportionate share of the net OPEB liability. The net OPEB liability is based on an actuarial valuation performed as of June 30, 2017 and a measurement date of June 30, 2018. The net OPEB liability was rolled forward from June 30, 2017 to June 30, 2018. PDA's proportion of the net OPEB 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, 2018 PDA's proportion of the net OPEB liability was 0.0840%.

At June 30, 2018, PDA reported a liability of \$432,717 for its proportionate share of the net OPEB liability. The net OPEB liability is based on an actuarial valuation performed as of June 30, 2016 and a measurement date of June 30, 2017. The net OPEB liability was rolled forward from June 30, 2016 to June 30, 2017. PDA's proportion of the net OPEB 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 OPEB liability was 0.0946%.

For the years ended June 30, 2019 and 2018, PDA recognized OPEB expense of \$1,485 and \$32,649, respectively.

At June 30, 2019, 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	\$ 2,258	\$ -
Net difference between Projected and actual investment earnings on OPEB plan investments	-	1,222
Changes in proportion and differences between employer contributions and share of contributions	-	10,334
Contributions subsequent to the measurement date	45,758	-
	\$ 48,016	\$ 11,556

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

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, 2020. 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
2020	\$ (8,457)
2021	(381)
2022	(381)
2023	(79)
2024	-
	\$ (9,298)

Actuarial Assumptions

The collective total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions, which apply to 2017 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
Wage Inflation	3.25% per year
Healthcare cost trend rates	Not applicable, given the benefits are fixed stipends
Aging factors	Not applicable, given the benefits are fixed stipends

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

Mortality rates were based on the RP-2014 healthy annuitant and 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, 2017 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:

Asset Class	Weighted Average Long-Term Expected Real Rate of Return			
	Target Allocation 2018	Target Allocation 2017	2018	2017
Large Cap Equities	22.50%	22.50%	4.25%	4.25%
Small/Mid Cap Equities	<u>7.50</u>	<u>7.50</u>	4.50	4.50
Total Domestic Equity	<u>30.00</u>	<u>30.00</u>		
International Equities (Unhedged)	13.00	13.00	4.50	4.50
Emerging International Equities	<u>7.00</u>	<u>7.00</u>	6.00	6.25
Total International Equity	<u>20.00</u>	<u>20.00</u>		
Core Bonds	4.50	5.00	0.50	0.75
Short Duration	2.50	2.00	(0.25)	(0.25)
Global Multi-Sector Fixed Income	11.00	11.00	1.80	2.11
Absolute Return Fixed Income	<u>7.00</u>	<u>7.00</u>	1.14	1.26
Total Fixed Income	<u>25.00</u>	<u>25.00</u>		
Private Equity	5.00	5.00	6.25	6.25
Private Debt	5.00	5.00	4.25	4.75
Opportunistic	<u>5.00</u>	<u>5.00</u>	2.15	2.84
	<u>15.00</u>	<u>15.00</u>		
Real Estate	<u>10.00</u>	<u>10.00</u>	3.25	3.25
	<u>100.00%</u>	<u>100.00%</u>		

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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20. 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 one-percentage-point lower or one-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	\$ 400,373	\$ 384,676	\$ 340,708

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.

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21. 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 through a single-employer (primary government and component units) defined benefit plan. 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 in 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 retiree 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 increasing Group I and 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 which is the State's self-insurance internal service fund. The state OPEB 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 described in Note 20. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State administers the plan. It does not issue a separate stand-alone financial report.

Contributions Required and Made

The State Legislature has indicated it currently plans to only fund the plan to cover benefit payments (on a pay-as-you-go basis). PDA's contributions to the State for the OPEB Plans for the years ended June 30, 2019 and 2018 were \$115,910 and \$181,000, respectively which were equal to PDA's share of benefit payments.

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

At June 30, 2019, PDA reported a liability of \$6,907,205 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, 2018. The OPEB liability was rolled forward from December 31, 2016 to June 30, 2018. 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, 2018, PDA's proportion of the State OPEB Plan's liability was 0.3616%.

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21. Other Postemployment Benefits – The State of New Hampshire (continued)

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 0.3501%.

For the years ended June 30, 2019 and 2018, PDA recognized OPEB expense (credit) of \$(585,837) and \$563,619, respectively.

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

At June 30, 2019, 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
Changes in assumptions	\$ -	\$ 2,540,487
Differences between expected and actual experience	-	41,471
Changes in proportion and differences between employer contributions and share of contributions	514,000	-
Contributions subsequent to the measurement date	115,910	-
	\$ 629,910	\$ 2,581,958

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
Changes in assumptions	\$ -	\$ 2,288,000
Differences between expected and actual experience	-	23,000
Changes in proportion and differences between employer contributions and share of contributions	375,000	-
Contributions subsequent to the measurement date	181,000	-
	\$ 556,000	\$ 2,311,000

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

21. Other Postemployment Benefits – The State of New Hampshire (continued)

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

Amounts reported as deferred outflows related to OPEB resulting from PDA contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2020. 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
2020	\$ (491,030)
2021	(491,030)
2022	(491,030)
2023	(491,031)
2024	(103,837)
	(\$2,067,958)

Actuarial Assumptions

The collective total OPEB liability was determined by a roll forward of the actuarial valuation as of December 31, 2016, using the following actuarial assumptions, which apply to 2018 measurements:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll, open
Remaining amortization period	30 years
Investment Rate of Return	Not applicable as there are no invested assets
Salary Rate Increase – Group I	13.25% decreasing over 9 years to an ultimate level of 3.75%
Salary Rate Increase – Group II	25.5% decreasing over 8 years to an ultimate level of 4.25%
Discount rate	3.87% as of June 30, 2018 and 3.58% as of June 30, 2017
Price Inflation	3.25% per year
Wage Inflation	3.25% per year

Health care trend rates are based on the following:

- Medical
 - Under 65: 7.4% for one year then (2.4%) for the following year and then 4.5% per year
 - Over 65: 1.4% for one year then (8.2%) for the following year, then (12.2%) for the next year and then 4.5% per year
- Prescription Drugs
 - Under 65: 12.8% for one year, (7.89%) for the following year, then 8.5% decreasing by .5% each year to an ultimate level of 4.5% per year
 - Over 65: -6.1% for one year, 4.8% the following year, then 8.5% decreasing by .5% each year to an ultimate level of 4.5% per year

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018**

21. Other Postemployment Benefits – The State of New Hampshire (continued)

Actuarial Assumptions (continued):

- Contributions
 - Retiree contributions are expected to increase with a blended medical and prescription drug trend. First year trends reflect known changes in costs.

Mortality rates were based on the following:

- Pre-retirement Mortality Rates – Healthy: RP-2014 Employee Mortality Table projected generationally for males and females with Scale MP-2015
- Postretirement Mortality Rates:
 - Healthy: RP-2014 Healthy Annuitant Mortality Table projected generationally for males and females with Scale MP-2015
 - Disabled: RP-2014 Disabled Annuitant Mortality Table projected generationally for males and females with Scale MP-2015

Mortality Rates (continued)

- The following scale factors for each member classification are applied to all mortality tables:

	Group I	Group II - Police	Group II – Fire
Scale – Male	116%	99%	100%
Scale – Female	124%	106%	101%

The actuarial assumptions used in the June 30, 2018 and 2017 valuations were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 to June 30, 2015.

Effective January 1, 2019, the State implemented a Medicare Advantage plan which is anticipated to reduce the overall plan liability in the year of implementation.

Discount Rate

Because the State OPEB Plan is not funded, the discount rate is based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index. This determination is in accordance with GASB Statement No. 75.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018

21. Other Postemployment Benefits – The State of New Hampshire (concluded)

Changes in Assumptions (concluded)

The trend assumptions were revised from the 2016 measurements to the 2018 measurements to reflect current and future expectations. In addition, the discount rate used to measure the total OPEB liability was increased from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

Sensitivity Analysis

The following presents PDA’s proportionate share of the net OPEB liability calculated using the discount rate of 3.87%, as well as what PDA’s proportionate share of the OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
PDA’s Proportionate Share of the Net OPEB Liability	\$ 7,783,409	\$ 6,907,205	\$ 5,931,847

The following presents PDA’s proportionate share of the net OPEB liability calculated using the current trend rates, as well as what PDA’s proportionate share of the OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Current Trend Rates	1% Increase
PDA’s Proportionate Share of the Net OPEB Liability	\$ 5,685,253	\$ 6,907,205	\$ 8,181,674

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2019 and 2018**

22. Commitments and Contingencies

Subsurface Investigation

During site subsurface investigations conducted at the Market Street Terminal (performed, in part, to support storm water system improvements), the PDA-DPH's environmental consultant found several areas of subsurface soils contaminated with significant levels of the heavy metal mercury. Initial investigations reveal that this contamination is most likely associated with a commercial wood preservation process that was located on a portion of the site and probably operated on the site sometime after 1875 and terminated operations before the State acquired title to the property in the 1960's and prior to July 1, 2001 when PDA-DPH operations were transferred from the State to the PDA. The completed study has been submitted to the New Hampshire Department of Environmental Services and management is awaiting its review and comment. As of June 30, 2019, no liability has been recorded for future pollution remediation obligations, as the amount of any such liability is not reasonably determinable.

Grant Administration

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

Construction Contracts

PDA had commitments under construction contracts associated with federal grants totaling approximately \$32,803,000 and \$2,387,000 at June 30, 2019 and 2018, respectively. The more significant commitments under construction contracts at June 30, 2019 included \$24,316,000 for the PSM Runway Reconstruction project, \$3,929,000 for the DPH Functional Replacement of the Barge Dock and \$4,084,000 for the PSM Terminal Expansion.

Litigation

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

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

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
June 30, 2019 and 2018

22. Commitments and Contingencies (concluded)

Settlement Agreement- Conservation Law Foundation

On November 10, 2016, in an action brought under the Citizen Suit provision of the Clean Water Act ("CWA"), the Conservation Law Foundation ("CLF") filed a complaint in the United States District Court for the District of New Hampshire (the "court") against PDA, its Executive Director, and Board Members, alleging certain violations of the CWA's permitting requirements. The matter is captioned Conservation Law Foundation, Inc. v. Pease Development Authority, et al., Civil Action No. 1:16-cv-00493-SM. In particular, the Complaint alleged PDA failed to obtain and comply with a Small Municipal Separate Storm Sewer System (Small MS4) permit and the associated permit requirements. CLF's Complaint sought injunctive relief and civil penalties.

On January 11, 2019, the Court issued a Joint Notice of Settlement. Elements of the Settlement, which became effective March 9, 2019 (the "Effective Date"), require that the PDA shall:

1. Design and implement various measures concerning the PDA small MS4 including:
 - Submit an application for and supplementary information related to a NPDES Permit, renewal, or modification, for coverage of discharges subject to the Small MS4 permitting program;
 - Design and implement:
 - A public education and outreach program;
 - An illicit discharge detection and elimination system;
 - A construction and post-construction runoff and control programs;
 - A pollution prevention and good housekeeping program; and
 - Provide annual reporting to the CLF.
2. Within five years of the Effective Date, remove a minimum of five acres of Impervious Surface, as defined.
3. Pay to CLF \$800,000 as full and complete satisfaction of CLF's claim for attorneys' fees and costs incurred or to be incurred, including any future attorneys' fees and costs related to the implementation or monitoring of compliance with the Settlement.

REQUIRED SUPPLEMENTARY INFORMATION

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Collective Net Pension Liability

The following information is as of June 30:

	2018	2017	2016	2015	2014	2013
Employer Proportion of the Collective Net Pension Liability	0.0911%	0.1014%	0.1032%	0.1074%	0.0982%	0.0967%
Employer's Proportionate Share of the Collective Net Pension Liability	\$4,384,392	\$4,986,400	\$5,489,977	\$4,255,991	\$3,687,154	\$4,163,828
Employer's Covered-Employee Payroll	\$3,765,000	\$3,803,000	\$3,848,000	\$3,430,000	\$3,029,000	\$2,843,000
Employer's Proportionate Share of the Collective Net Pension Liability as a % of the Employer's Covered-Employee Payroll	116.45%	131.12%	142.67%	124.08%	121.73%	146.45%
Plan Fiduciary Net Position as a % of the Total Pension Liability	64.73 %	62.66 %	58.30 %	65.47 %	66.32 %	59.81%

Schedule of Employer Contributions

The following information is for the years ended June 30:

	2019	2018	2017	2016	2015	2014	2013
Required Employer Contribution	\$ 439,882	\$ 452,516	\$ 413,003	\$ 417,908	\$ 360,425	\$ 318,681	\$ 241,055
Actual Employer Contributions	\$ 439,882	\$ 452,516	\$ 413,003	\$ 417,908	\$ 360,425	\$ 318,681	\$ 241,055
Excess / (Deficiency) of Employer Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Covered Employee Payroll	\$3,735,000	\$3,765,000	\$3,803,000	\$3,848,000	\$3,430,000	\$3,029,000	\$2,843,000
Employer Contribution as a % of the Employer's Covered-Employee Payroll	11.78 %	12.02 %	10.86 %	10.86 %	10.51 %	10.52 %	8.48 %

Schedules are intended to show 10 years. Additional years will be added as they become available.

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: June 30, 2009 for determining the Fiscal Year 2013 contributions
June 30, 2011 for determining the Fiscal Year 2014 contributions
June 30, 2013 for determining the Fiscal Year 2015 contributions
June 30, 2014 for determining the Fiscal Year 2016 contributions
June 30, 2015 for determining the Net Pension Liability
June 30, 2016 for determining the Net Pension Liability
June 30, 2017 for determining the Net Pension Liability

Notes: The roll-forward of the total pension liability from June 30, 2017 to June 30, 2018 reflects expected service and interest costs reduced by actual benefit payments.

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

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

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

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

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

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

**PEASE DEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) (UNAUDITED)
June 30, 2015, 2014 and 2013**

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

The following information is as of June 30:

	2018	2017	2016
Employer Proportion of the Collective Net OPEB Liability	0.0840%	0.0946%	0.0961%
Employer's Proportionate Share of the Collective Net OPEB Liability	\$384,676	\$432,717	\$465,117
Employer's Covered-Employee Payroll	\$2,311,755	\$2,523,561	\$2,499,949
Employer's Proportionate Share of the Collective Net OPEB Liability as a % of the Employer's Covered-Employee Payroll	16.64 %	17.15 %	18.61 %
Plan Fiduciary Net Position as a % of the Total OPEB Liability	7.53 %	7.91%	5.21 %

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

Schedule of Employer Contributions

The following information is for the years ended June 30:

	2019	2018	2017	2016
Required Employer Contribution	\$45,758	\$45,795	\$56,092	\$ 55,827
Actual Employer Contributions	\$45,758	\$45,795	\$56,092	\$ 55,827
Excess / (Deficiency) of Employer Contributions	\$ -	\$ -	\$ -	\$ -
Employer's Covered Employee Payroll	\$2,369,549	\$2,311,755	\$2,523,561	\$2,499,949
Employer Contribution as a % of the Employer's Covered-Employee Payroll	1.93%	1.98 %	2.22 %	2.24 %

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

Notes to the Required Supplementary Information

Notes: The roll-forward of the total OPEB liability from June 30, 2017 to June 30, 2018 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

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

**PEASE DEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) (UNAUDITED)
June 30, 2015, 2014 and 2013**

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

The following information is as of June 30:

	2018	2017	2016
Employer Proportion of the Collective Net OPEB Liability	0.3616%	0.3501%	0.3345%
Employer's Proportionate Share of the Collective Net OPEB Liability	\$6,907,205	\$7,806,000	\$9,618,388
Employer's Covered-Employee Payroll	\$3,765,000	\$3,803,000	\$3,848,000
Employer's Proportionate Share of the Collective Net OPEB Liability as a % of the Employer's Covered-Employee Payroll	183.46 %	205.26 %	249.96 %
Plan Fiduciary Net Position as a % of the Total OPEB Liability	0.00 %	0.00 %	0.00 %

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

Notes to the Required Supplementary Information

There are no assets accumulated in a trust that meets the criteria in GASB 75 paragraph 4 to pay related benefits.

Changes of assumptions: Changes in assumptions reflect trend assumption revisions to reflect current experience and future expectations. The discount rate increased from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018. The discount rate increased from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Notes: The roll-forward of the total OPEB liability from December 31, 2016 to June 30, 2018 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

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, 2019



**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, 2019

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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, 2019, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2019-001 to be a material weakness.

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 under *Government Auditing Standards*.

PDA's Response to Finding

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

Purpose of this Report

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

Bangor, Maine
REPORT DATE



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

Board of Directors
Pease Development Authority
(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, 2019. 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, 2019.

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, 2019, 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.

Bangor, Maine
REPORT DATE

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

<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>1,239,196</u>
Total U.S. Department of Commerce		<u>1,239,196</u>
<u>U.S. Department of Homeland Security:</u>		
Direct:		
Port Security Grant Program	97.056	<u>23,325</u>
Total U.S. Department of Homeland Security		<u>23,325</u>
<u>U.S. Department of Transportation:</u>		
Direct:		
Airport Improvement Program:		
3-33-0016-058-2017	20.106	308,452
3-33-0016-060-2017	20.106	102,660
3-33-0016-061-2017	20.106	37,402
Passed-Through State of New Hampshire:		
New Hampshire Department of Transportation:		
Airport Improvement Program:		
SPG-15-07-2016	20.106	23,444
SPG-15-08-2017	20.106	<u>514</u>
Total CFDA 20.106 and U.S. Department of Transportation		<u>472,472</u>
Total Expenditures of Federal Awards		\$ <u>1,734,993</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, 2019

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, 2019. 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	\$ 1,012,384
Cash and cash equivalent balances	195,613
Administrative expenses paid out during the fiscal year	<u>31,199</u>
	\$ <u>1,239,196</u>

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2019

Section I. Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? yes no

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2019

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

Finding Number: 2019-001

Criteria: PDA is responsible for designing, implementing and maintaining effective internal controls over financial reporting that provide reasonable assurance that internal controls will prevent misstatements or detect and correct misstatements on a timely basis, intentional or unintentional, from occurring.

Condition Found: In our audit procedures in the area of capital assets we noted an addition to construction in process that was recorded in fiscal year 2019 for services rendered in fiscal year 2018. The invoice related to a project paid for directly by the state, and therefore when it was recorded by PDA in 2019, it was recorded as an asset and capital contribution revenue.

Cause and Effect: The condition identified related to the cut-off surrounding revenue and capital assets for expenditures reimbursed by the state. The result of the cut-off error was that capital contribution revenue and capital assets were understated in 2018 and capital contribution revenue was overstated in 2019.

Recommendation: We recommend that the finance team develop a more effective review procedure to ensure these type of transactions are recorded in the correct period in the future.

Views of a Responsible
Official and Corrective
Action Plan: Management agrees with the finding. See attached Corrective Action Plan.

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

None noted.

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2019

NONE



**Schedule of Findings and Questions Costs
Views of Responsible Officials and Planned Corrective Actions
Year Ended June 30, 2019**

Finding 2019-001

We concur with the finding as the invoice in question was dated July 5, 2018 for services performed during the period June 5 through July 2, 2018. Our current internal control procedures require the review of all invoices for fiscal year-end accrual by both the Senior Accountant and the Director of Finance. On a historical basis, our fiscal year-end accrual process has been comprehensive with no exceptions noted through the external audit review. That said, we will develop and implement a corrective action plan to ensure that all future fiscal year-end accruals are complete and accurate.

This corrective action plan will be completed no later than November 1, 2019.

Responsible Party: Irving Canner, CPA

Director of Finance

Phone: 603.766.9282.

DRAFT

September 24, 2019

VIA Email: Kathryn.a.lapierre@nhes.nh.gov
NH Employment Security
ATTN: Kathryn A. LaPierre, Bureau Operations Specialist
45 South Fruit Street
Concord, NH 03301

Re: Right of Entry – 360 Corporate Drive Parking Lot & 100 New Hampshire Avenue, Pease International Tradeport, Portsmouth, NH

Dear Ms. LaPierre:

This letter will authorize the NH Employment Security (“NHES”) and/or its agents and contractors to enter upon the premises located at 360 Corporate Drive and 100 New Hampshire Avenue, as shown in the attached Exhibit A (the “Premises”) on September 24, 2019 for use as overflow vehicle parking as part of a Job Fair being held at the Great Bay Community College from 11:00 a.m. to 4:00 p.m. This Right of Entry will expire at the close of business on September 24, 2019, unless otherwise extended by agreement of NHES and Pease Development Authority.

This authorization is conditioned upon the following:

1. NHES’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. NHES expressly waives all claims against the Pease Development Authority (“PDA”) for any such loss, damage, personal injury or death caused by or occurring as a consequence of NHES’s use of the Premises or the conduct of activities or the performance of responsibilities under this authorization.
2. NHES’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. NHES acknowledges and agrees that, except as otherwise set forth herein, no legal rights or interests shall arise with respect to the Premises.
3. NHES’s agreement herein that the Premises will be used on an “as is” condition.

Kathryn A. LaPierre
NH Employment Security
September 24, 2019
Page 2

4. NHES's agreement to leave the Premises in the same or better condition as existed at the commencement of the term of this ROE.

Please indicate by your signature below NHES's consent and return the same to me.

Very truly yours,



David R. Mullen
Executive Director

DRM/rao

Agreed and accepted this 24 day of SEPTEMBER, 2019

NH EMPLOYMENT SECURITY

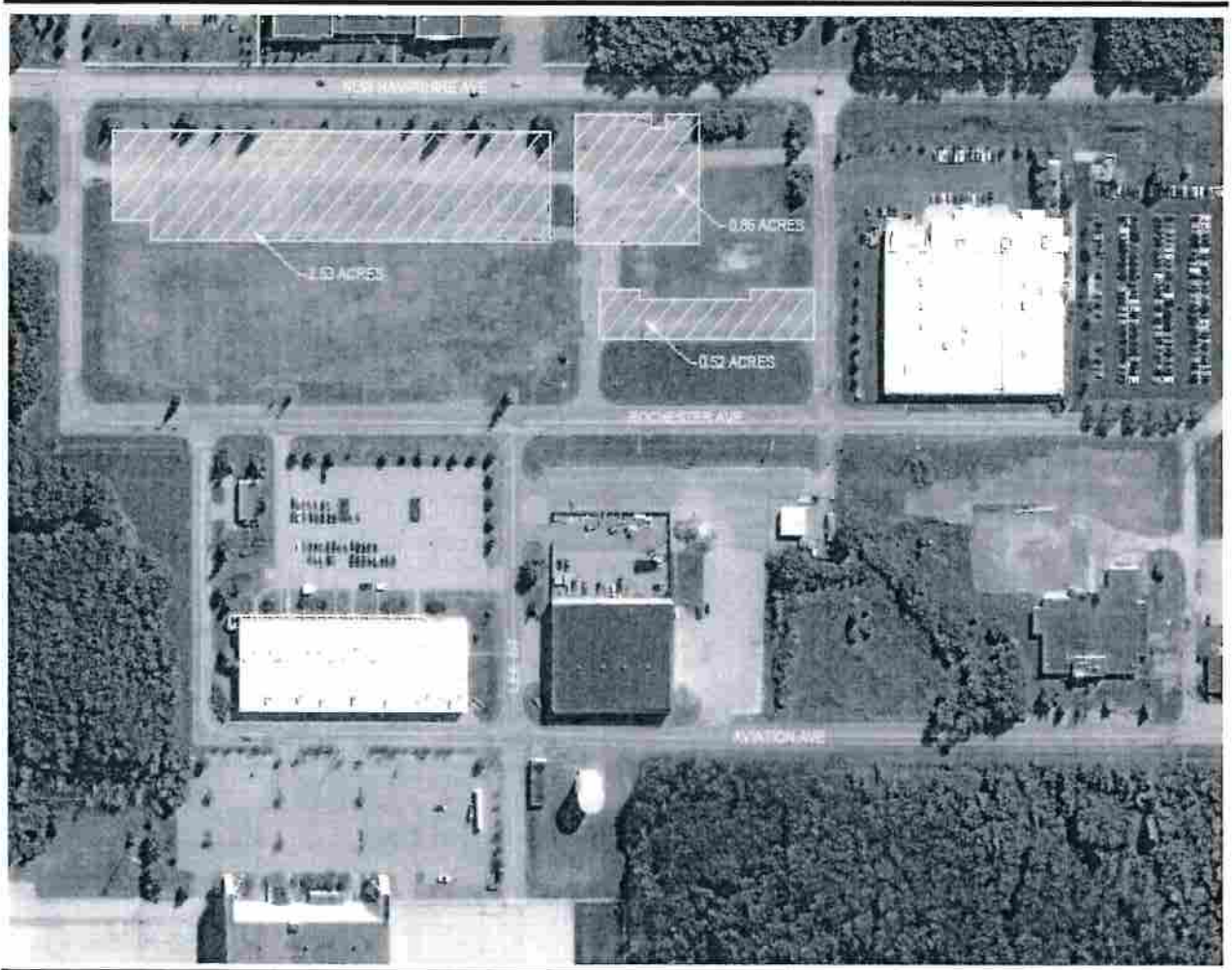
By: [Signature] as Deputy Commissioner
Duly authorized
Print Name: Richard Cavas
Print Title: Deputy Commissioner

EXHIBIT "A"



Potential Staging Area at 360 Corporate Dr

DESIGNED BY: MRM DATE: 8/8/19 SCALE: 1"=100'



Potential Parking/Staging Areas

DESIGNED BY: MRM DATE: 8/21/19 SCALE: 1"=200'



PEASE DEVELOPMENT AUTHORITY

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801



October 3, 2019

VIA Email: JOuental@NECI.com

Jordyn Quental
NECI
260 Forbes Blvd.
Mansfield, MA 02048

Re: Right of Entry – 360 Corporate Drive Parking Lot, Pease International Tradeport, Portsmouth, NH

Dear Ms. Quental:

This letter will authorize NECI and/or its agents and contractors to enter upon the premises located at 360 Corporate Drive, as shown in the attached Exhibit A (the "Premises") on October 16, 2019 from 3:00 p.m. to 8:00 p.m. and October 17, 2019 from 2:00 p.m. to 7:00 p.m. for use as overflow vehicle parking as part of an Open House being held at 200 International Drive, Suite 290. This Right of Entry will expire on October 17, 2019 at 7:00 p.m., unless otherwise extended by agreement of NECI and Pease Development Authority.

This authorization is conditioned upon the following:

1. NECI'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. NECI 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 NECI'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. NECI 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 NECI'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. NECI 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

Page Two
October 3, 2019

**Re: Right of Entry – 360 Corporate Drive Parking Lot, Pease International Tradeport,
Portsmouth, NH**

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. NECI, and/or any agent of NECI, providing to the Pease Development Authority satisfactory evidence of comprehensive general liability insurance to a limit of not less than Two Million Dollars (\$2,000,000.00) per occurrence, naming the Pease Development Authority as 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 NECI 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 NECI that such policies will not be cancelled. Should a policy cancellation occur, PDA will be advised in accordance with policy provisions.

4. NECI's agreement that all vehicles parked at the Premises will be driven to and from the Premises by its patrons to self-park vehicles on the Premises. *NECI's further agreement to take such steps as may be required 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.*

5. NECI agrees the vehicles may only be parked in the Premises. 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 Pease operations.

6. NECI accepts the Premises as-is. 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 NECI's patrons, officers, agents, servants or employees, or others who may be on the Premises at its invitation.

7. NECI's agreement to restore the Premises to the same or better conditions existing prior to the commencement of this Right of Entry.

Page Three

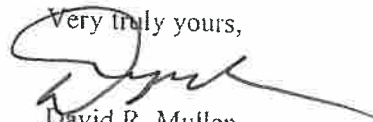
October 3, 2019

Re: **Right of Entry – 360 Corporate Drive Parking Lot, Pease International Tradeport,
Portsmouth, NH**

8. NECI'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.

Please indicate by your signature below NECI's consent to the terms and conditions of this Right of Entry and return the same to me for countersignature.

Very truly yours,



David R. Mullen
Executive Director

DRM/rao

Agreed and accepted this 7 day of October, 2019

NECI

By: Shannon Keating
Duly authorized

Print Name: Shannon Keating

Print Title: Executive Assistant

EXHIBIT "A"



Potential Staging Area at 360 Corporate Dr

DESIGNED BY MRM DATE 6/6/15 SCALE: 1"=100'



PEASE DEVELOPMENT AUTHORITY

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801

MOTION

Director Allard:

The Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to execute a License with Jalbert Leasing, Inc. d/b/a C & J Bus Lines ("C & J") of Portsmouth, NH for the purpose of satellite parking of C & J customer vehicles. The License is effective from November 1, 2019 through October 31, 2020; all in accordance with the License attached hereto.

N:\RESOLVES\2019\Jalbert (C & J) License 10-17.docx

PEASE DEVELOPMENT AUTHORITY

LICENSE

This LICENSE is made by and between the PEASE DEVELOPMENT AUTHORITY, 55 International Drive, Portsmouth, NH 03801 ("Licensor" or "PDA") and JALBERT LEASING, INC., d/b/a C&J BUS LINES, with a principal place of business located at 185 Grafton Drive, Portsmouth, New Hampshire ("Licensee"). PDA and Licensee may be referred to jointly as the "Parties".

RECITALS

A. PDA is an agency of the State of New Hampshire established pursuant to RSA ch. 12-G, "Pease Development Authority," and is authorized to enter into this License pursuant to the provisions contained therein. Licensee is a corporation organized under the laws of the State of New Hampshire.

B. This License is subject and subordinate to all agreements between PDA and the United States of America or the United States Air Force including, but not limited to, the Federal Facilities Agreement ("FFA") and the Quitclaim Deeds recorded at the Rockingham County Registry of Deeds (collectively referred to as the "Deed") dated October 15, 2003 and September 16, 2005 granted by the United States of America (the "Government"), acting by and through the United States Air Force ("Air Force") to PDA, all as hereinafter defined. The Parties acknowledge that the Deed imposes certain requirements on Licensee which are addressed in the terms and conditions of this License. By acceptance of this License the Licensee hereby acknowledges that it must abide by and conform to those terms, conditions and restrictions set forth in the Deed as set forth herein.

C. The Parties acknowledge that a Federal Facilities Agreement ("FFA") required under Section 120 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq. has been entered into by the Air Force, the New Hampshire Department of Environmental Services ("NHDES") and the United States Environmental Protection Agency ("EPA") regarding certain contamination at Pease and that this FFA also imposes certain requirements upon PDA and Licensee which are addressed in the terms and conditions of this License. A copy of the FFA is attached to the Deed. Recording information is set forth in **Exhibit 1**. The term "FFA" shall include any amendments to said document.

NOW, THEREFORE, in consideration of the covenants herein contained and other valuable consideration, the receipt of which is hereby acknowledged, PDA and Licensee hereby agree as follows:

PDA grants to Licensee, for a period beginning on November 1, 2019 through October 31, 2020, a non-exclusive License to use four (4) designated parking areas, all as otherwise referenced in paragraph 21 herein and as designated on **Exhibit A** ("Licensed Premises"), attached hereto and

made a part of this License. PDA retains the right to reduce or adjust the designated parking areas based on the need of PDA operations, subject to an equitable adjustment to the License Fee. PDA retains the right to temporarily use the Licensed Premises with advanced notice to and coordination with the Licensee.

Licensee may use the Licensed Premises for valet parking of customer vehicles and for no other uses without the prior express written consent of the PDA. Licensee expressly represents and agrees that its customers shall not be allowed to self-park vehicles on the Licensed Premises.

This License shall terminate on October 31, 2020 unless the Board of Directors of Pease Development Authority expressly approves an extension of the License beyond said date.

Licensee is strictly prohibited from storing any "Hazardous Substances" (as that term is defined in **Exhibit B** attached hereto) on the Licensed Premises. Subject to PDA advanced written approval, Licensee may erect signage to designate the parking area reserved for its use (subject to the retained rights of the PDA). Licensee may also utilize parking passes to identify vehicles which are authorized to utilize the Licensed Premises. PDA will cooperate with Licensee in any reasonable action which may be required to ensure that the use of the Licensed Premises is reserved for Licensee's use. Notwithstanding the foregoing, Licensee shall be solely responsible for towing unauthorized vehicles from the Licensed Premises and further agrees that PDA shall incur no liability or financial responsibility associated with the towing of any such unauthorized vehicle.

This License is granted subject to these additional conditions:

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

2. Licensee acknowledges that it has inspected the condition of the Licensed Premises and that said Licensed Premises are in good and tenable condition for the use contemplated in this License. **Licensee accepts the Licensed Premises on an "as is," "where is" condition without any representation, warranty or obligation on the part of the PDA to make any alterations, repairs, or improvements or as to the use or occupancy which may be made thereon.** PDA shall not be responsible for any latent or other defect or change in condition in said Licensed Premises.

3. Licensee understands and acknowledges that this License: (a) allows only temporary use of the facilities; and (b) may be terminated as provided in Paragraph 12, and that PDA need not state a reason for any such termination. Licensee's use of the Licensed Premises shall be orderly and efficient, shall not constitute a nuisance and shall not cause disruption to other Airport activities.

4. Licensee will, at all times, protect, repair and maintain the Licensed Premises in

good order and condition at its expense and without cost or expense to PDA. The Licensee shall during its occupancy of the Licensed Premises pick-up and secure any and all trash or debris observed on the Licensed Premises. All trash and debris shall be removed from the Licensed Premises on a regular basis.

5. Licensee shall, at its own expense, promptly repair or replace to the satisfaction of the PDA any PDA or State of New Hampshire property damaged or destroyed by Licensee or its invitees incident to the exercise of the privileges granted herein.

6. No addition, alteration, change, or improvement (including erection of signage) to the Licensed Premises shall be made without the prior written consent of PDA, which consent shall not be unreasonably withheld or delayed. PDA reserves the right to impose conditions on any such work to the extent such conditions are consistent with applicable governmental regulations, codes, standards or other requirements, including fire, safety and building codes and Land Use Controls promulgated by PDA, applicable provisions of the FFA and the Deed.

7. Licensee will at all times during the existence of this License, promptly observe and comply, at its sole cost and expense, with the provisions of all applicable federal, state and local laws, rules, regulations and standards, and in particular those provisions concerning the protection and enhancement of environmental quality, pollution control and abatement, safe drinking water, and solid and hazardous waste. Notwithstanding the foregoing, Licensee shall be permitted, upon five (5) days' notice, to terminate this License without any further cost or obligation if it determines (in its sole discretion) that compliance with applicable laws, rules, regulations or standards would be unduly burdensome or expensive.

a. Responsibility for compliance with such laws, rules, regulations and standards rests exclusively with Licensee. PDA assumes no enforcement or supervisory responsibility except for matters committed to its jurisdiction. Licensee shall assume responsibility for and pay all costs relating to: (i) any modification required to meet applicable federal, state and local standards or compliance with other applicable laws, regulations, or standards; or (ii) associated with compliance, defense of enforcement actions or suits, payment of fines, penalties, or other sanctions and remedial costs.

b. This condition does not constitute a waiver of Federal Supremacy or State or federal sovereign immunity. Only laws and regulations applicable to the Licensed Premises under the Constitution and statutes of the United States and State of New Hampshire are covered by this condition.

8. PDA or any other agency of the State of New Hampshire, their officers, agents, employees, and contractors may enter upon the Licensed Premises, upon reasonable prior notice and at mutually agreeable times, to inspect the Licensed Premises for compliance with environmental, safety and occupational health laws and regulations, whether or not PDA is responsible for enforcing them and Licensee shall have no claim on account of such entries against PDA, the State of New Hampshire or any officer, agent, employee, or contractor thereof when

made in accordance with this Agreement.

a. Licensee acknowledges that Pease has been identified as a National Priority List (NPL) Site under the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) of 1980, as amended. Licensee acknowledges that PDA has provided it with a copy of the FFA entered into by the EPA, NHDES, and the Air Force on April 24, 1991 and Modification No. 1 thereto, effective March 18, 1993 and agrees that it will comply with the terms of the FFA to the extent the same may be applicable to the Licensed Premises and that should any conflict arise between the terms of the FFA or the provisions of this License, the terms of the FFA will take precedence.

b. The Air Force, the EPA, and NHDES and their officers, agents, employees, contractors, and subcontractors have the right, upon reasonable notice to Licensee, to enter upon the Licensed Premises to conduct investigations and surveys, including, where necessary drilling, testpitting, borings, and any other response or remedial action related to the Pease Air Force Base Installation Restoration Program (IRP) or FFA. These inspections, surveys or other response or remedial actions will, to the extent practicable, be coordinated with a representative designated by Licensee. Licensee agrees to comply with the provisions of any health or safety plan implemented by any person during the course of such response or remedial action. Licensee shall have no claim on account of such entries against the United States or the State of New Hampshire or any officer, agent, employee, or contractor thereof except for any intentional or negligent act or omission or breach of this Agreement by PDA or any of PDA's officers, agents, employees, contractors and subcontractors.

c. [Reserved]

d. [Reserved]

9. PDA shall not be responsible for damage to property or injuries to persons which may arise from or be attributable or incident to the exercise of the privileges granted under this License (including the condition or state of repair of the Licensed Premises and its use and occupation by Licensee and its invitees), or for damage to the property of Licensee, or for damage to the property or injuries to the person of Licensee's officers, employees, servants, agents, contractors, or others who may be on the Licensed Premises at their invitation or the invitation of any one of them, arising from governmental activities on the Licensed Premises, except to the extent arising out of any intentional or negligent act or omission or breach of this Agreement by PDA or any of PDA's officers, agents, employees, contractors and subcontractors.

a. Subject to the foregoing, Licensee agrees to assume all risks of loss or damage to the Licensed Premises including any building(s), improvements, fixtures or other property and bodily injury or death to persons by reason of the exercise of the privileges granted herein, and will settle and pay any claims arising out of the use and occupancy of the Licensed Premises. Subject to the foregoing, Licensee expressly waives all claims against PDA and the State of New Hampshire, for any such loss, damage, personal injury or death caused by or

occurring by reason of or incident to the possession and/or use of the Licensed Premises or as a consequence of the conduct of activities or the performance of responsibilities under this License.

b. Licensee agrees to indemnify, save, hold harmless, and defend (with counsel acceptable to the PDA) the PDA and the State of New Hampshire (the "State") including, their officers, employees, and agents from and against all suits, claims, or actions of any sort resulting from, related to or arising out of Licensee's negligence, intentional act or breach of this Agreement and any costs, expenses, liabilities, fines, or penalties resulting from discharges, emissions, spills, releases, storage, disposal of any substance or matter resulting from Licensee's use of the Licensed Premises under this License. This provision shall survive the expiration or termination of this License and Licensee's obligations hereunder shall apply whenever PDA or the State incur costs or liabilities for Licensee's actions of the types described herein.

c. Licensee shall bear all risk of loss or damage to the Licensed Premises, including any, improvements, fixtures or other property thereon, arising from its use and occupancy of the Licensed Premises.

d. During the entire period this License shall be in effect, Licensee at its expense will carry and maintain comprehensive general liability coverage on an occurrence basis for any and all claims and liability, including without limitation bodily injury, death and property damage insurance occurring on, in or about the Licensed Premises arising in connection with Licensee's use of the Premises (limits of liability shall not be less than Four Million (\$4,000,000) per occurrence; workers' compensation and employee's liability insurance in such amounts and form which meet all applicable labor laws of the State of New Hampshire, as amended from time to time, and which specifically covers the persons and risks involved in this License; automobile liability insurance coverage to a limit of not less than One Million dollars (\$1,000,000) per incident for owned, hired and non-owned automobiles, for any loss, damage, personal injury or death caused by or occurring by reason of or incident to the possession and/or use of the Licensed Premises or as a consequence of the conduct of activities or the performance of responsibilities under this License.

e. [Reserved]

f. All policies or certificates issued by the respective insurers shall: (i) name the PDA as an additional insured (excepting workers compensation); (ii) provide that any losses shall be payable notwithstanding any act or failure to act or negligence of the PDA or any other person, provide that the insurer shall have no right of subrogation against PDA; (iii) provide that the policies shall not be canceled without first providing PDA with thirty (30) days advance written notice, except in cases involving the non-payment of a premium, in which case ten (10) days shall be acceptable; (iv) provide that Licensee's coverages shall be primary and non-contributing with respect to any insurance policy carried by PDA and otherwise be reasonably satisfactory to the PDA in all other respects. In no circumstances will the Licensee be entitled to assign to any third party rights of action which licensee may have against PDA. Licensee shall deliver or cause to be delivered to PDA a certificate of insurance evidencing the insurance required by the License prior

to occupancy of the Licensed Premises.

10. On or before the date of expiration of this License, or within two (2) business days after its termination, Licensee shall vacate the Licensed Premises, remove all its personal property therefrom, remove any vehicles from the Licensed Premises, and restore and return the Licensed Premises to PDA, clean and in the same or better condition than their condition at the commencement of the term of this License, reasonable wear and tear excepted. If Licensee shall fail or neglect to remove all vehicles from the Licensed Premises and to restore the Premises, then at the option of PDA, PDA may remove the vehicles and restore the Premises at the expense of Licensee, and no claim for damage against PDA or its officers, employees, or agents shall be created by or made on account of such removal and restoration work.

11. This License is effective only insofar as the rights of PDA in the property involved are concerned, and Licensee shall obtain such permission as may be necessary on account of any other existing rights. Licensee acknowledges that PDA is subject to certain restrictions on the use of the Licensed Premises in accordance with the FFA and the Deed. Notwithstanding any other provisions of this License, Licensee shall also comply with and be subject to the restrictions in the Deed and FFA to the extent applicable to the Licensed Premises or to any rights granted to Licensee under this License in the same manner and to the same extent as PDA is obligated under the Deed and FFA.

12. This License may be terminated by either party without cause on sixty (60) days written notice to the other party for Lots 1, 2, and 4, and on thirty (30) days written notice to the other party for Lot 3, and if such notice shall be so given this License shall terminate on the sixtieth (60th) or thirtieth (30) day following the date of such notice. PDA may terminate this License for cause for any material breach of the terms of this License, including, but not limited to, the failure to pay the License fee or such other charges as may be assessed in connection with the use of the Premises in accordance with this License, by PDA providing fifteen (15) days written notice to the Licensee and if such notice shall be so given and such breach is not cured, this License shall terminate on the fifteenth (15th) day following the date of such notice.

13. This License shall not be transferred or assigned.

14. No notice, order, direction, determination, requirement, consent and/or approval under this License shall be of any effect unless it is in writing. All notices to be given pursuant to this License shall be sent by certified mail, postage prepaid, return receipt requested; addressed, if to PDA:

Pease Development Authority
55 International Drive
Portsmouth, NH 03801
Attn: Executive Director

and if to Licensee to: Jalbert Leasing, Inc. d/b/a C&J Bus Lines
185 Grafton Drive

Portsmouth, NH, 03801

Attn: Jamie Lesniak

or at such other address or addresses as PDA or Licensee may from time to time designate by notice given by certified mail. Every notice, demand, request or communication hereunder sent by mail shall be deemed to have been given or served as of the third (3rd) business day following the date of such mailing.

15. [Reserved]

16. Licensee shall not discriminate against any person or persons or exclude any persons from participation in Licensee's operations, program, or activities conducted on the Licensed Premises because of race, color, age, sex, handicap, national origin or religion. Licensee, by acceptance of this License, hereby gives assurance that the provisions of Title VI of the Civil Rights Act, as amended (42 U.S.C. 2000(d)); the Age Discrimination Act of 1975 (42 U.S.C. § 6102); the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794) and the Department of Defense Directive 5500.11, May 27, 1971, as amended 32 CFR pt 300) will be complied with.

17. This License shall be construed and enforced in accordance with the laws of the State of New Hampshire and may only be modified or amended by mutual agreement of the parties in writing signed by a duly authorized representative of each of the respective parties hereto.

18. This License may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

19. This License is subject and subordinate to any agreements heretofore or hereafter made between PDA and the United States or the Air Force, the execution of which is required to enable or permit transfer of rights or property to PDA for airport purposes or expenditure of federal grant funds for airport improvement, maintenance or development, including, without limitation, the Deed and FFA. Licensee shall abide by requirements of any agreement between PDA and the United States or the Air Force applicable to the Licensed Premises or Licensee's activities at the Airport and shall consent to amendments and modifications of this License if required by such agreements or as a condition of PDA's entry into such agreements.

20. The rights of Licensee under this License shall be subordinate to PDA's rights to manage the Airport and other common areas and roadways, which rights shall include, without limitation, the right to impose, reasonable rules and regulations relating to use of the Airport common areas and roadways and the right to add, delete, alter or otherwise modify the designation and use of all airfield facilities and parking areas, entrances, exits, roadways and other areas of the Airport, to the extent all of the foregoing are not part of the Licensed Premises.

Licensee shall comply with all federal, state and local laws, rules and regulations which apply to the conduct of the use contemplated, including rules and regulations promulgated

by PDA. Licensee acknowledges and agrees that although Licensee's License to the Licensed Premises is exclusive, the uses authorized herein are not granted on an exclusive basis as to the Airport as a whole and that PDA may enter into licenses, leases or other agreements with tenants and/or other users of the Airport in other areas thereof for similar, identical or competing uses.

21. Licensee shall pay PDA, on a monthly basis, a License Fee of:

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.

The License Fee shall be payable in each case on the first (1st) day of each month without offset in lawful money of the United States at the office of PDA, or at such other address as PDA may hereafter designate. The first monthly payment shall be made in advance on or before the commencement date of this License Agreement. The License Fee for any fractional portion of a calendar month at the beginning or end of the term of this License shall be a similar fraction of the License Fee due for an entire month.

22. [Reserved]

23. In addition to the License Fee required to be paid to the PDA, the Licensee shall also pay to the 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 the PDA 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 time and in the fashion provided for the payment of the License Fee. To the extent the Licensed Premises are subject to municipal taxation, and provided such municipal taxation includes the costs of provision of fire, police, and roadway services, the Licensee may offset against any fee paid to PDA the portion of such municipal taxes as are attributable to fire, police, and roadway services, and the PDA shall have no further obligation to provide such services. For so long as municipal taxes are imposed against the Licensed Premises, or on the Licensee for all three of fire, police, and roadway services, and PDA either has no obligation to provide such services, or ceases to provide such services, the municipal services fee required to be paid under this License shall terminate.

24. Paving and Striping. Licensee may not pave or stripe any of the Licensed Premises without the express written consent of the PDA, which may withhold its consent for any reason, or no reason at all.

25. Snow Removal. Licensee will be responsible for snow removal and associated sanding and salting services of the Licensed Premises. Licensee or any contractor of the Licensee

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.

26. Each party hereto warrants to the other that it has no dealings with any real estate broker or agent in connection with the negotiation of this License.

IN WITNESS WHEREOF, I have hereunto set my hand this 10 day of October 2019, by authority of the Pease Development Authority.

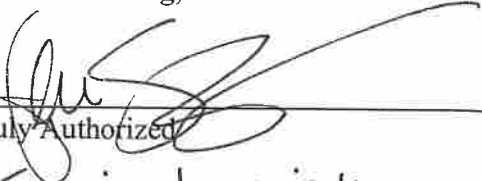
Pease Development Authority

By: 

David R. Mullen, Executive Director

This License, together with all terms and conditions thereof, is hereby accepted and executed by Licensee, Jalbert Leasing, Inc., this 10 day of October, 2019

Jalbert Leasing, Inc.

By: 

Duly Authorized
Samie Lesniak
(Print Name)
Title: Vice President

STATE OF NEW HAMPSHIRE
COUNTY OF ROCKINGHAM

On this 10 day of October, 2019, before me, Raeline A. O'Neil 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.

Raeline A. O'Neil
Justice of the Peace/Notary Public
Expiration: October 11, 2022

Raeline A. O'Neil
Notary Public in and for said County and State
Printed Name: Raeline A. O'Neil
My commission expires: 10/11/22

STATE OF NEW HAMPSHIRE
COUNTY OF Rockingham

On this 10 day of October, 2019, before me, Susan Rockwell a Notary Public in and for said County and State, personally appeared Jamie Lesniak personally known to me (or proved to me on the basis of satisfactory evidence) to be the Vice President of **Jalbert Leasing, Inc.** and on oath stated that **he/she** was authorized to execute this instrument and acknowledged it to be **his/her** free and voluntary act for the uses and purposes set forth herein.

Susan Rockwell
Notary Public in and for said County and State
Printed Name: Susan Rockwell
My commission expires: 7/22/2020

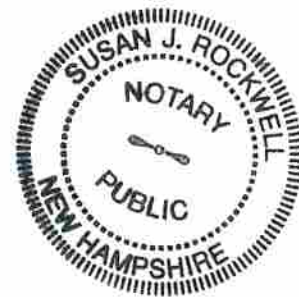


EXHIBIT 1

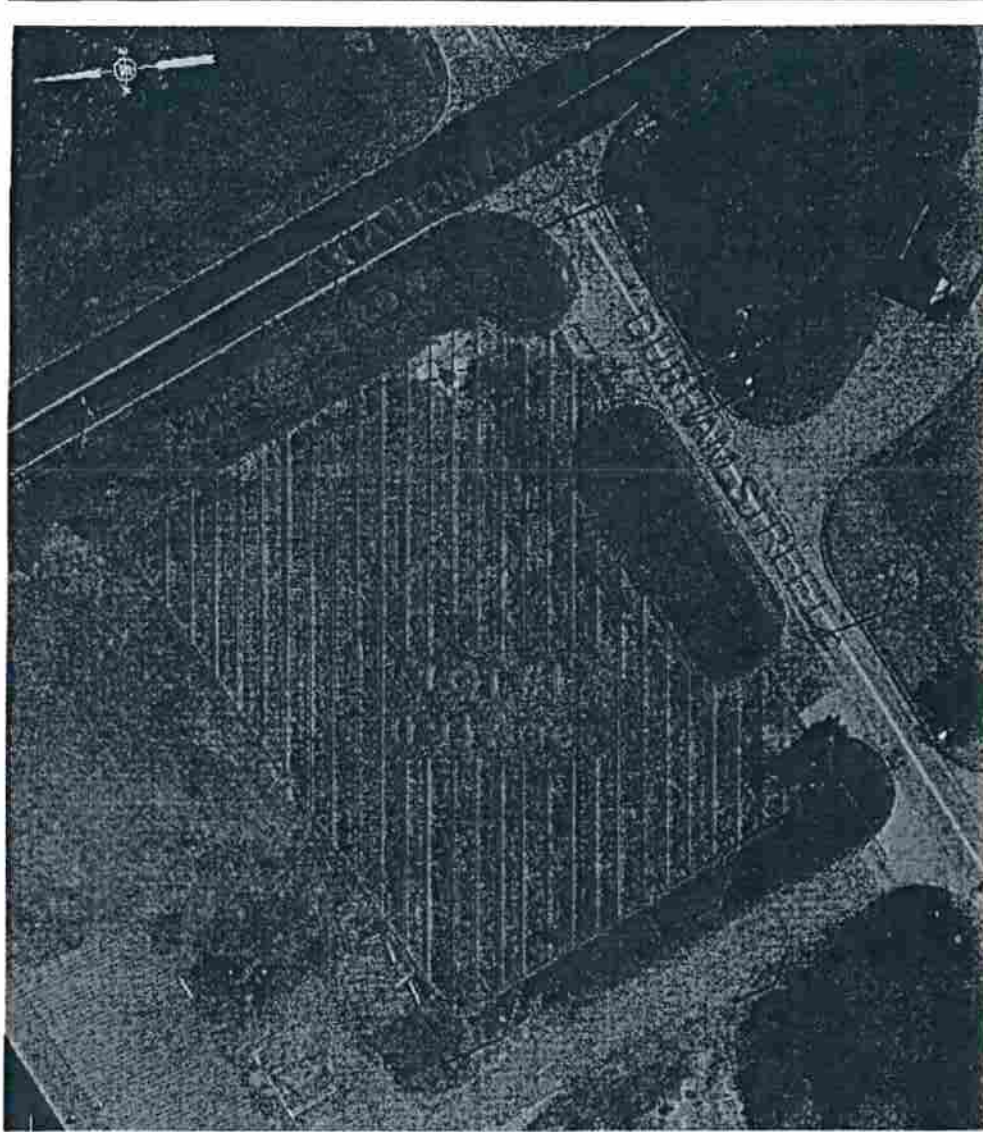
QUITCLAIM DEEDS
and
FEDERAL FACILITIES AGREEMENT

The FFA is incorporated into the Deeds which are on record at the
Rockingham County Registry of Deeds

October 15, 2003 Quitclaim Deed @ Book 4227 Page 001

September 16, 2005 Quitclaim Deed @ Book 4564 Page 985

EXHIBIT A
LICENSED PREMISES



C&J Trailways Satellite Parking at 42 Durham Street DESIGNED BY: MRM DATE: 11/9/17 SCALE: 1"=50'



PEASE DEVELOPMENT AUTHORITY

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801



Satellite Parking for C&J

DESIGNED BY: MRM DATE: 10/10/18 SCALE: 1"=60'±



PEASE DEVELOPMENT AUTHORITY

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801

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Satellite Parking for C&J

DESIGNED BY: MRM DATE: 11/9/17 SCALE: 1"=100'



PEASE DEVELOPMENT AUTHORITY

55 INTERNATIONAL DRIVE, PORTSMOUTH, NH 03801

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EXHIBIT B

As used in this License, 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 a "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 Part Hc. P 1905 ("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").

As used in this License, 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.

MOTION

Director Lamson:

The Pease Development Authority Board of Directors hereby authorizes the Executive Director to complete negotiations and to execute Amendment No. 8 to the Parking License Agreement with Lonza Biologics, Inc. for parking spaces located at 55 International Drive. The License Amendment is extended from November 1, 2019 through October 31, 2020; all in accordance with License Agreement Amendment No. 8, attached hereto.

License Agreement Amendment No. 8

Licensor: Pease Development Authority (“PDA” or “Licensor”)
Licensee: Lonza Biologics, Inc. (“Lonza” or “Licensee”)
Licensed Premises: Parking area adjacent to 55 International Drive, Portsmouth, NH
License Date: October 31, 2011

This License Agreement Amendment No. 8 made effective November 1, 2019, by and between PDA and Licensee:

WHEREAS, Licensee desires to extend its License, as amended, through October 31, 2020 for the continued use of the parking area adjacent to 55 International Drive, Portsmouth, NH (the “Premises”);

WHEREAS, PDA has agreed to extend the term of the License through October 31, 2020;

NOW THEREFORE, for good and valuable consideration, the receipt of which is acknowledged, the Parties agree to amend the License as follows:

1. The term of the License is extended for one (1) year from November 1, 2019 through October 31, 2020.
2. Licensee shall pay a License Fee of Nine Hundred Thirty and no/100 Dollars (\$930.00) per month.
3. All other terms and conditions of the License shall remain in full force and effect and continue to be binding upon the Parties.

Date: _____, 2019

Date: _____, 2019

Lonza Biologics, Inc.

Pease Development Authority

By: _____

Duly Authorized

David R. Mullen
Executive Director

(Print Name)

Title: _____

MOTION

Director Levesque:

The Pease Development Authority Board of Directors hereby authorizes the Executive Director to complete negotiations and to execute a License with VMD Systems Integrators, Inc. for a period of three (3) years effective November 1, 2019 through October 31, 2022, for the use of designated office space (utilizing a break room, an office, locker rooms and an on-site training room) at the airport terminal. This agreement will allow the airport to meet the TSA requirements to provide designated areas to store security sensitive information, conduct recurrent training and support employee work breaks; all in accordance with the same terms and conditions set forth in the Memorandum from Paul E. Brean, Airport Director, dated October 2, 2019, attached hereto.

Memorandum

To: David R. Mullen, Executive Director *DEM*
From: Paul E. Brean, Deputy Director & PSM Airport Director *PEB*
Date: 10/2/2019
Subj: License Agreement VMD Systems Integrators, Inc.

VMD Systems Integrators, Inc. (“VMD”) is the Transportation Security Administration’s (“TSA”) security screening contractor for passenger and baggage screening at Portsmouth International Airport at Pease. The Pease Development Authority (“PDA”) seeks approval of the Board of Directors at the October 17, 2019, meeting to enter into a License Agreement with VMD for the use of designated office space (utilizing a break room, an office, locker rooms and an on-site training room) at the airport terminal. This agreement will allow the airport to meet the TSA requirements to provide designated areas to store security sensitive information, conduct recurrent training and support employee work breaks. This agreement will commence on November 1, 2019, and run for three (3) years through October 31, 2022.

PEASE DEVELOPMENT AUTHORITY

LICENSE

This LICENSE is made by and between the PEASE DEVELOPMENT AUTHORITY, 55 International Drive, Portsmouth, NH 03801 ("Licensor" or "PDA") and VMD SYSTEMS INTEGRATORS, INC. with a principal place of business located at 11440 Commerce Park Drive, Suite 400, Reston, Virginia 20191 ("Licensee"). PDA and Licensee may be referred to jointly as the "Parties".

RECITALS

A. PDA is an agency of the State of New Hampshire established pursuant to RSA ch. 12-G, "Pease Development Authority," and is authorized to enter into this License pursuant to the provisions contained therein. Licensee is a corporation organized under the laws of the State of New Hampshire.

B. This License is subject and subordinate to all agreements between PDA and the United States of America or the United States Air Force including, but not limited to, the Federal Facilities Agreement ("FFA") and the Quitclaim Deeds recorded at the Rockingham County Registry of Deeds (collectively referred to as the "Deed") dated October 15, 2003 and September 16, 2005 granted by the United States of America (the "Government"), acting by and through the United States Air Force ("Air Force") to PDA, all as hereinafter defined. The Parties acknowledge that the Deed imposes certain requirements on Licensee which are addressed in the terms and conditions of this License. By acceptance of this License the Licensee hereby acknowledges that it must abide by and conform to those terms, conditions and restrictions set forth in the Deed as set forth herein.

C. The Parties acknowledge that a Federal Facilities Agreement ("FFA") required under Section 120 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq. has been entered into by the Air Force, the New Hampshire Department of Environmental Services ("NHDES") and the United States Environmental Protection Agency ("EPA") regarding certain contamination at Pease and that this FFA also imposes certain requirements upon PDA and Licensee which are addressed in the terms and conditions of this License. A copy of the FFA is attached to the Deed. Recording information is set forth in Exhibit 1. The term "FFA" shall include any amendments to said document.

NOW, THEREFORE, in consideration of the covenants herein contained and other valuable consideration, the receipt of which is hereby acknowledged, PDA and Licensee hereby agree as follows:

PDA grants to Licensee, for a period beginning on November 1, 2019 through October 31, 2022, to enter upon designated portions of the Air Passenger Terminal Building at Portsmouth International Airport at Pease for the purpose of utilizing a break room, an office, locker rooms (in conjunction with Federal entities), and an on-site training room, and for no other use, as designated on Exhibit A ("Licensed Premises"), attached hereto and made a part of this License. PDA retains

the right to reduce or adjust the Licensed Premises based on the need of PDA operations, subject to an equitable adjustment to the License Fee. PDA retains the right to temporarily use the Licensed Premises with advanced notice to and coordination with the Licensee.

This License shall terminate on October 31, 2022 unless the Board of Directors of Pease Development Authority expressly approves an extension of the License beyond said date.

Licensee is strictly prohibited from storing any "Hazardous Substances" (as that term is defined in **Exhibit B** attached hereto) on the Licensed Premises. PDA will cooperate with Licensee in any reasonable action which may be required to ensure that the use of the Licensed Premises is reserved for Licensee's use.

This License is granted subject to these additional conditions:

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

2. Licensee acknowledges that it has inspected the condition of the Licensed Premises and that said Licensed Premises are in good and tenable condition for the use contemplated in this License. **Licensee accepts the Licensed Premises on an "as is," "where is" condition without any representation, warranty or obligation on the part of the PDA to make any alterations, repairs, or improvements or as to the use or occupancy which may be made thereon.** PDA shall not be responsible for any latent or other defect or change in condition in said Licensed Premises.

3. Licensee understands and acknowledges that this License: (a) allows only temporary use of the facilities; and (b) may be terminated as provided in Paragraph 12, and that PDA need not state a reason for any such termination. Licensee's use of the Licensed Premises shall be orderly and efficient, shall not constitute a nuisance and shall not cause disruption to other Airport activities.

4. Licensee will, at all times, protect, repair and maintain the Licensed Premises in good order and condition at its expense and without cost or expense to PDA. The Licensee shall during its occupancy of the Licensed Premises pick-up and secure any and all trash or debris observed on the Licensed Premises and place in appropriate receptacles.

5. Licensee shall, at its own expense, promptly repair or replace to the satisfaction of the PDA any PDA or State of New Hampshire property damaged or destroyed by Licensee or its invitees incident to the exercise of the privileges granted herein.

6. No addition, alteration, change, or improvement (including erection of signage) to the Licensed Premises shall be made without the prior written consent of PDA, which consent shall not be unreasonably withheld or delayed. PDA reserves the right to impose conditions on any such work to the extent such conditions are consistent with applicable governmental

regulations, codes, standards or other requirements, including fire, safety and building codes and Land Use Controls promulgated by PDA, applicable provisions of the FFA and the Deed.

7. Licensee will at all times during the existence of this License, promptly observe and comply, at its sole cost and expense, with the provisions of all applicable federal, state and local laws, rules, regulations and standards, and in particular those provisions concerning the protection and enhancement of environmental quality, pollution control and abatement, safe drinking water, and solid and hazardous waste. Notwithstanding the foregoing, Licensee shall be permitted, upon five (5) days' notice, to terminate this License without any further cost or obligation if it determines (in its sole discretion) that compliance with applicable laws, rules, regulations or standards would be unduly burdensome or expensive.

a. Responsibility for compliance with such laws, rules, regulations and standards rests exclusively with Licensee. PDA assumes no enforcement or supervisory responsibility except for matters committed to its jurisdiction. Licensee shall assume responsibility for and pay all costs relating to: (i) any modification required to meet applicable federal, state and local standards or compliance with other applicable laws, regulations, or standards; or (ii) associated with compliance, defense of enforcement actions or suits, payment of fines, penalties, or other sanctions and remedial costs.

b. This condition does not constitute a waiver of Federal Supremacy or State or federal sovereign immunity. Only laws and regulations applicable to the Licensed Premises under the Constitution and statutes of the United States and State of New Hampshire are covered by this condition.

8. PDA or any other agency of the State of New Hampshire, their officers, agents, employees, and contractors may enter upon the Licensed Premises, upon reasonable prior notice and at mutually agreeable times, to inspect the Licensed Premises for compliance with environmental, safety and occupational health laws and regulations, whether or not PDA is responsible for enforcing them and Licensee shall have no claim on account of such entries against PDA, the State of New Hampshire or any officer, agent, employee, or contractor thereof when made in accordance with this Agreement.

a. Lessor and Lessee acknowledge that the Airport has been identified as a National Priority List (NPL) Site under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), as amended (42 U.S.C. §6901 et seq.). Lessee acknowledges that Lessor has provided it with a copy of the Pease Federal Facility Agreement ("FFA") entered into by EPA, and the Air Force on April 24, 1991, and Modification No. 1 thereto, effective March 18, 1993, and Lessee agrees that it will comply with and be bound by the terms of the FFA to the extent the same may be applicable to the Leased Premises and that should any conflict arise between the terms of the FFA and the provisions of this Lease, the terms of the FFA will take precedence. The Lessee further agrees that the Lessor assumes no liability to the Lessee or any sublessee(s) or assignee(s) of Lessee should implementation of the FFA interfere with their use of the Leased Premises. The Lessee and its sublessee(s) and assignee(s) shall have no claim on account of any such interference against the Lessor, Air Force, EPA, State, NHDES, or any officer, agent, employee or contractor thereof, other than for

abatement of rent.

Pursuant to its obligations under Federal law, the Air Force has provided and Lessee acknowledges receipt of the "Notices and Covenants Related to Section 120(h)(3) of CERCLA, as amended." The notice and a description of remedial action by the Air Force are set forth in Paragraph VI of the Deed.

b. The Air Force, the EPA, and NHDES and their officers, agents, employees, contractors, and subcontractors have the right, upon reasonable notice to Licensee, to enter upon the Licensed Premises to conduct investigations and surveys, including, where necessary drilling, testpitting, borings, and any other response or remedial action related to the Pease Air Force Base Installation Restoration Program (IRP) or FFA. These inspections, surveys or other response or remedial actions will, to the extent practicable, be coordinated with a representative designated by Licensee. Licensee agrees to comply with the provisions of any health or safety plan implemented by any person during the course of such response or remedial action. Licensee shall have no claim on account of such entries against the United States or the State of New Hampshire or any officer, agent, employee, or contractor thereof except for any intentional or negligent act or omission or breach of this Agreement by PDA or any of PDA's officers, agents, employees, contractors and subcontractors.

c. [Reserved]

d. [Reserved]

9. PDA shall not be responsible for damage to property or injuries to persons which may arise from or be attributable or incident to the exercise of the privileges granted under this License (including the condition or state of repair of the Licensed Premises and its use and occupation by Licensee and its invitees), or for damage to the property of Licensee, or for damage to the property or injuries to the person of Licensee's officers, employees, servants, agents, contractors, or others who may be on the Licensed Premises at their invitation or the invitation of any one of them, arising from governmental activities on the Licensed Premises, except to the extent arising out of any intentional or negligent act or omission or breach of this Agreement by PDA or any of PDA's officers, agents, employees, contractors and subcontractors.

a. Subject to the foregoing, Licensee agrees to assume all risks of loss or damage to the Licensed Premises including any building(s), improvements, fixtures or other property and bodily injury or death to persons by reason of the exercise of the privileges granted herein, and will settle and pay any claims arising out of the use and occupancy of the Licensed Premises. Subject to the foregoing, Licensee expressly waives all claims against PDA and the State of New Hampshire, for any such loss, damage, personal injury or death caused by or occurring by reason of or incident to the possession and/or use of the Licensed Premises or as a consequence of the conduct of activities or the performance of responsibilities under this License.

b. Licensee agrees to indemnify, save, hold harmless, and defend (with counsel acceptable to the PDA) the PDA and the State of New Hampshire (the "State") including, their officers, employees, and agents from and against all suits, claims, or actions of any sort

resulting from, related to or arising out of Licensee's negligence, intentional act or breach of this Agreement and any costs, expenses, liabilities, fines, or penalties resulting from discharges, emissions, spills, releases, storage, disposal of any substance or matter resulting from Licensee's use of the Licensed Premises under this License. This provision shall survive the expiration or termination of this License and Licensee's obligations hereunder shall apply whenever PDA or the State incur costs or liabilities for Licensee's actions of the types described herein.

c. Licensee shall bear all risk of loss or damage to the Licensed Premises, including any, improvements, fixtures or other property thereon, arising from its use and occupancy of the Licensed Premises.

d. During the entire period this License shall be in effect, Licensee at its expense will carry and maintain comprehensive general liability coverage on an occurrence basis for any and all claims and liability, including without limitation bodily injury, death and property damage insurance occurring on, in or about the Licensed Premises arising in connection with Licensee's use of the Premises, limits of liability shall not be less than Four Million (\$4,000,000) per occurrence; workers' compensation and employee's liability insurance in such amounts and form which meet all applicable labor laws of the State of New Hampshire, as amended from time to time, and which specifically covers the persons and risks involved in this License; automobile liability insurance coverage to a limit of not less than One Million dollars (\$1,000,000) per incident for owned, hired and non-owned automobiles, for any loss, damage, personal injury or death caused by or occurring by reason of or incident to the possession and/or use of the Licensed Premises or as a consequence of the conduct of activities or the performance of responsibilities under this License.

e. [Reserved]

f. All policies or certificates issued by the respective insurers shall: (i) name the PDA as an additional insured (excepting workers compensation); (ii) provide that any losses shall be payable notwithstanding any act or failure to act or negligence of the PDA or any other person, provide that the insurer shall have no right of subrogation against PDA; (iii) provide that the policies shall not be canceled without first providing PDA with thirty (30) days advance written notice, except in cases involving the non-payment of a premium, in which case ten (10) days shall be acceptable; (iv) provide that Licensee's coverages shall be primary and non-contributing with respect to any insurance policy carried by PDA and otherwise be reasonably satisfactory to the PDA in all other respects. In no circumstances will the Licensee be entitled to assign to any third party rights of action which licensee may have against PDA. Licensee shall deliver or cause to be delivered to PDA a certificate of insurance evidencing the insurance required by the License prior to occupancy of the Licensed Premises.

10. On or before the date of expiration of this License, or within two (2) business days after its termination, Licensee shall vacate the Licensed Premises, remove all its personal property therefrom, and restore and return the Licensed Premises to PDA, clean and in the same or better condition than their condition at the commencement of the term of this License, reasonable wear and tear excepted. If Licensee shall fail or neglect to restore the Premises, then at the option of PDA, PDA may restore the Premises at the expense of Licensee, and no claim for damage against

PDA or its officers, employees, or agents shall be created by or made on account of such restoration work.

11. This License is effective only insofar as the rights of PDA in the property involved are concerned, and Licensee shall obtain such permission as may be necessary on account of any other existing rights. Licensee acknowledges that PDA is subject to certain restrictions on the use of the Licensed Premises in accordance with the FFA and the Deed. Notwithstanding any other provisions of this License, Licensee shall also comply with and be subject to the restrictions in the Deed and FFA to the extent applicable to the Licensed Premises or to any rights granted to Licensee under this License in the same manner and to the same extent as PDA is obligated under the Deed and FFA.

12. This License may be terminated by either party without cause on sixty (60) days written notice to the other party, and if such notice shall be so given this License shall terminate on the sixtieth (60th) following the date of such notice. PDA may terminate this License for cause for any material breach of the terms of this License, by PDA providing fifteen (15) days written notice to the Licensee and if such notice shall be so given and such breach is not cured, this License shall terminate on the fifteenth (15th) day following the date of such notice.

13. This License shall not be transferred or assigned.

14. No notice, order, direction, determination, requirement, consent and/or approval under this License shall be of any effect unless it is in writing. All notices to be given pursuant to this License shall be sent by certified mail, postage prepaid, return receipt requested; addressed, if to PDA:

Pease Development Authority
55 International Drive
Portsmouth, NH 03801
Attn: Executive Director

and if to Licensee to:

VMD Systems Integrators, Inc.
11440 Commerce Park Drive – Suite 400
Reston, VA 20191
Attn: _____

or at such other address or addresses as PDA or Licensee may from time to time designate by notice given by certified mail. Every notice, demand, request or communication hereunder sent by mail shall be deemed to have been given or served as of the third (3rd) business day following the date of such mailing.

15. [Reserved]

16. Licensee shall not discriminate against any person or persons or exclude any persons from participation in Licensee's operations, program, or activities conducted on the Licensed Premises because of race, color, age, sex, handicap, national origin, ancestry, or religion.

Licensee, by acceptance of this License, hereby gives assurance that the provisions of Title VI of the Civil Rights Act, as amended (42 U.S.C. 2000(d)); the Age Discrimination Act of 1975 (42 U.S.C. § 6102); the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794) and the Department of Defense Directive 5500.11, May 27, 1971, as amended 32 CFR pt 300) will be complied with.

17. This License shall be construed and enforced in accordance with the laws of the State of New Hampshire and may only be modified or amended by mutual agreement of the parties in writing signed by a duly authorized representative of each of the respective parties hereto.

18. This License may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

19. This License is subject and subordinate to any agreements heretofore or hereafter made between PDA and the United States or the Air Force, the execution of which is required to enable or permit transfer of rights or property to PDA for airport purposes or expenditure of federal grant funds for airport improvement, maintenance or development, including, without limitation, the Deed and FFA. Licensee shall abide by requirements of any agreement between PDA and the United States or the Air Force applicable to the Licensed Premises or Licensee's activities at the Airport and shall consent to amendments and modifications of this License if required by such agreements or as a condition of PDA's entry into such agreements.

20. The rights of Licensee under this License shall be subordinate to PDA's rights to manage the Airport and other common areas and roadways, which rights shall include, without limitation, the right to impose, reasonable rules and regulations relating to use of the Airport common areas and roadways and the right to add, delete, alter or otherwise modify the designation and use of all airfield facilities and parking areas, entrances, exits, roadways and other areas of the Airport, to the extent all of the foregoing are not part of the Licensed Premises.

Licensee shall comply with all federal, state and local laws, rules and regulations which apply to the conduct of the use contemplated, including rules and regulations promulgated by PDA. Licensee acknowledges and agrees that although Licensee's License to the Licensed Premises is exclusive, the uses authorized herein are not granted on an exclusive basis as to the Airport as a whole and that PDA may enter into licenses, leases or other agreements with tenants and/or other users of the Airport in other areas thereof for similar, identical or competing uses.

21. Janitorial Services - PDA will provide janitorial services to the Licensed Premises. Such services shall include sweeping, vacuuming, floor waxing and trash removal.

22. Maintenance and Utilities - PDA shall furnish utility services for lighting, heating and air conditioning of the Licensed Premises.

23. The Air Passenger Terminal Building and areas behind the Portsmouth International Airport security fence are part of the Airport Security Identification Display Area ("SIDA"). VMD personnel will, to the extent as may be required, obtain security badges in order to gain access to and remain in the SIDA. While in the SIDA, escort procedures per the requirements of the Portsmouth International Airport at Pease Security Program (if applicable) must be met. Prior to accessing the SIDA, VMD personnel must undergo verification of their

employment history for the past ten (10) years, attend a training class that is offered no more than once every two weeks. Information regarding SIDA requirements can be obtained by calling the Airport Management Department at (603) 433-6536, Monday through Friday, 8:00 a.m. to 5:00 p.m. No representative, employee or agent of the VMD will be allowed in the SIDA without authorized escorts unless such individuals have been issued security badges pursuant to the Pease International Tradeport Security Program. No administrative processing fee will be assessed in connection with issuing security badges to VMD personnel. However, PDA reserves the right to assess a fee for lost or unreturned badges.

24. PDA reserves the right to relocate the Licensed Premises to alternate facilities within the Air Passenger Terminal Building if such becomes necessary due to Air Passenger Terminal Building expansion plans or other business reasons. In the event relocation becomes necessary, PDA agrees it will make a good faith effort to provide the VMD with comparable facilities to the ones being occupied and utilized in connection with this Right of Entry.

25. Modification - This Agreement may be modified upon the mutual consent of the both parties.

26. Other Provisions - Nothing in this Agreement is intended to conflict with current law or provisions or the directives of VMD or the PDA. If a term of this Agreement is inconsistent with such authority, then that term shall be invalid, but the remaining terms and conditions of this Agreement shall remain in full force and effect.

27. Additional Responsibilities:

VMD.

- A. Notify PDA in advance of future space needs including amount of space, duration and activity to take place within that space.
- B. Vacate the Licensed Premises in a timely manner upon request of the PDA.

PDA.

- A. Allow VMD to occupy the Licensed Premises and the use thereof at no cost to VMD.
- B. Notify VMD in writing if PDA wishes VMD to either vacate or pay rent for the Licensed Premises. Such notice shall be given in accordance with Section 14 of this Agreement.

28. Each party hereto warrants to the other that it has no dealings with any real estate broker or agent in connection with the negotiation of this License.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of October 2019,
by authority of the Pease Development Authority.

Pease Development Authority

By: _____
David R. Mullen, Executive Director

This License, together with all terms and conditions thereof, is hereby accepted and
executed by Licensee, VMD Systems Integrators, Inc., this ____ day of October, 2019.

VMD Systems Integrators, Inc.

By: _____
Duly Authorized

(Print Name)

Title: _____

STATE OF NEW HAMPSHIRE
COUNTY OF ROCKINGHAM

On this _____ day of _____, 2019, 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 in and for said County and State
Printed Name: _____
My commission expires: _____

STATE OF NEW HAMPSHIRE
COUNTY OF _____

On this _____ day of _____, 2019, 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 **VMD Systems Integrators, Inc.** and on oath stated that **he/she** was authorized to execute this instrument and acknowledged it to be **his/her** free and voluntary act for the uses and purposes set forth herein.

Notary Public in and for said County and State
Printed Name: _____
My commission expires: _____

EXHIBIT 1

QUITCLAIM DEEDS
and
FEDERAL FACILITIES AGREEMENT

The FFA is incorporated into the Deeds which are on record at the
Rockingham County Registry of Deeds

October 15, 2003 Quitclaim Deed @ Book 4227 Page 001

September 16, 2005 Quitclaim Deed @ Book 4564 Page 985

EXHIBIT A
 LICENSED PREMISES

Exhibit A
 PSM Terminal Building Mezzanine

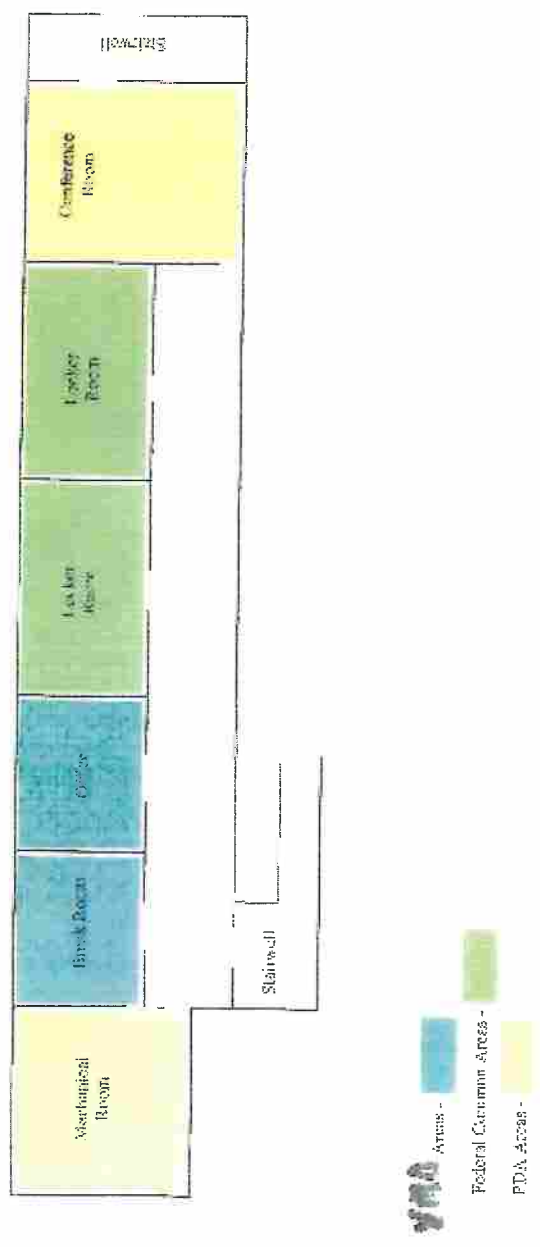
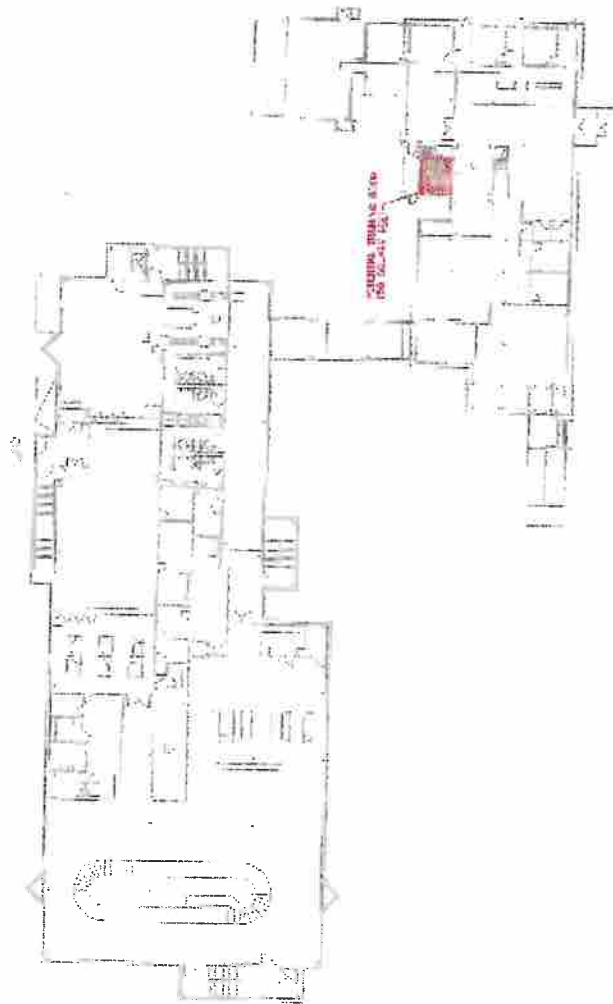


Exhibit A

LICENSED PREMISES



P&M Terminal - Malta Level Floor Plan - Potential Training Rooms Location



PEASE DEVELOPMENT AUTHORITY

PROPOSED VIEW: 11/11/2018 12:42:12 PM
32 MILLIKEN AVE, DUNDAS, ONTARIO, M1V 1S7

EXHIBIT B

As used in this Lease, the term “Hazardous or Regulated Substances” means any hazardous or toxic substance, material or waste, oil or petroleum product, or per- or polyfluoroalkyl substance, including without limitation perfluorinated compounds and their precursors, (collectively, “PFAS”), that is or becomes regulated by any local governmental authority, the State of New Hampshire or the United States Government. The term “Hazardous or Regulated Substances” includes, without limitation, any material or substance which is (i) defined as a “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 waste pursuant to Parts Env-Hw 100 or Env-Hw 400 (“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), (ix) defined as “perfluorinated compounds” or “precursor” to a perfluorinated compound pursuant to New Hampshire RSA ch. 125-C, and (x) 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.

As used in this Lease, 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, as amended

MEMORANDUM

To: Pease Development Authority Board of Directors
From: David R. Mullen, Executive Director *DRM*
Date: October 9, 2019
Re: Sublease between 222 International, Limited Partnership and Speedpro Imaging of Portsmouth

In accordance with the Delegation to Executive Director: Consent, Approval of Sub-sublease Agreements adopted by the Board on August 8, 1996, I am pleased to report that PDA has approved of a sublease between 222 International, Limited Partnership ("222ILP") and Speedpro Imaging of Portsmouth ("Speedpro") for 7,437 square feet at 222 New Hampshire Avenue for a period of ten (10) years, effective November 1, 2019. Speedpro will use the premises for general office, warehouse 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 222ILP's continued primary liability for payment of rent and other obligations pursuant to the PDA/200ILP Sublease.

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

NOTICE OF CONSENT

This NOTICE OF CONSENT ("Notice") is given by the PEASE DEVELOPMENT AUTHORITY ("Lessor") to 222 INTERNATIONAL, LIMITED PARTNERSHIP ("Lessee"). Lessor and Lessee may be referred to jointly as the "Parties."

RECITALS

A. The Parties entered into a Lease for 222 International Drive at Pease International Tradeport on September 7, 1999 (the "Lease") and amended by Lease Amendment No. 1 effective April 1, 2000 to include 195 New Hampshire Avenue, Pease International Tradeport, Portsmouth, New Hampshire.

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

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

C. Lessee has requested authorization to sublease approximately 7,437 square feet (Suite #135) within the Leased Premises at 222 International Drive to **Speedpro Imaging of Portsmouth** ("**Speedpro**"), is duly organized and existing under the laws of the State of New Hampshire, and is qualified to do business in the State of New Hampshire.

D. The proposed sublease to **Speedpro** is for general office, warehouse and related uses and for no other uses.

TERMS AND CONDITIONS

1. Lessor hereby authorizes Lessee to execute the sublease, attached hereto as Exhibit A, with **Speedpro** for approximately 7,437 square feet within the Leased Premises.
2. Upon execution of the sublease with **Speedpro**, Lessee shall provide Lessor with a copy of the executed sublease, copies of all required insurance certificates and a certificate of good standing from the State of New Hampshire for **Speedpro**.
3. Lessee hereby agrees that occupancy shall be subject to the issuance of a Certificate of Occupancy as may be required in accordance with PDA Zoning Regulations, Section 315.03(a).

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

This Notice of Consent is executed, effective this 9th day of October, 2019 by the Pease Development Authority.

PEASE DEVELOPMENT AUTHORITY

By: 
Its: Executive Director

AGREED AND ACCEPTED

222 INTERNATIONAL, LIMITED PARTNERSHIP

10/7/19
Date


By: 
Its: Co-Manager

EXHIBIT A
SUBLEASED PREMISES

SUBLEASE

BETWEEN

222 INTERNATIONAL, LIMITED PARTNERSHIP

AS
"SUBLESSOR"

AND

SPEEDPRO IMAGING OF PORTSMOUTH

AS
"SUBLESSEE"

222 INTERNATIONAL DRIVE

SUITE # 135

PORTSMOUTH, NEW HAMPSHIRE 03801

DATED AS OF SEPTEMBER __, 2019

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EXHIBITS TO SUBLEASE

Exhibit

- 1 - PRIMARY SUBLEASE
- 2 - (INTENTIONALLY OMITTED)
- 3 - QUITCLAIM DEED OF THE UNITED STATES OF AMERICA ACTING BY AND THROUGH THE US AIR FORCE.
- 4 - FEDERAL FACILITIES AGREEMENT
- 5 - PLANS DESIGNATING THE SUBLEASED PREMISES
- 6 - ALTERATIONS
- 7 - LIST OF ENVIRONMENTAL LAWS AND REGULATIONS
- 8 - CERTIFICATE OF GOOD STANDING
- 9 - FAA REQUIREMENTS
- 10 - SUBORDINATION AND NON-DISTURBANCE AGREEMENT
- 11 - RULES AND REGULATIONS
- 12 - OPERATING EXPENSES

SUBLEASE

THIS SUBLEASE ("Sublease") is made by and between **222 International, Limited Partnership**, ("Sublessor") and Franklin Exeter, Inc dba Coastal **Speedpro**, ("Sublessee"). (Sublessor and Sublessee may be referred to jointly as the "Parties.")

SUMMARY OF BASIC LEASE PROVISIONS AND RECITALS

Summary of Basic Lease Provisions and Recitals

The Summary of Basic Lease Provisions and Recitals contains the basis of this sublease between Sublessor and Sublessee named below. Articles, Sections and Paragraphs of the Sublease define and expand the Basic Terms, and are to be read in conjunction with the Basic Terms.

1. Date of Lease: September __, 2019
2. Sublessor: 222 International, Limited Partnership
3. Property Manager: CPManagement, Inc., 11 Court Street, Suite 100, Exeter, NH 03833
4. Sublessee: Speedpro Imaging of Portsmouth
5. Property: The property is comprised of the building; and the land parcel on which it is located known as 222 International Drive, Portsmouth, New Hampshire, including the parking lot and other improvements (the "Building").
6. Subleased Premises: 7,437 square feet of the Building shown on Exhibit #5.
7. Lease Term: Ten (10) years estimated to begin on November 1, 2019 ("Term Commencement Date") or such other date as specified in Article 3 of this Sublease and ending ten (10) full years thereafter.

Options to Extend: None.

8. Permitted Uses: General office and light industrial use which must conform to the light industrial /manufacturing uses authorized by the Pease Development Authority.
9. Sublessee's Guarantees: Not applicable.
10. Initial Security Deposit:
11. Parking: Four spaces per 1,000 rentable square feet. Visitor and handicapped parking spaces are so marked.

12. Base Rent:
13. Other Periodic Payments : As described under Article 4.
14. Sublessee's Prorata Share: 11.89% of Building's 62,545 rentable square feet.
15. Initial Public Liability Insurance: \$2,000,000 minimum Commercial General Liability coverage - \$1,000,000 in automobile coverage and Worker's Compensation coverage at statutory minimum levels.

RECITALS

A. 222 International, Limited Partnership, entered into a Sublease dated September 7, 1999 with the Pease Development Authority ("PDA"), an agency of the State of New Hampshire established pursuant to RSA ch 12-G for premises located at the Pease International Tradeport in Portsmouth, New Hampshire described as follows: The premises shown on a Plan entitled "Subdivision Plan of Land at 222 International Drive at Pease International Tradeport, Portsmouth, New Hampshire" recorded in the Rockingham County Registry of Deeds as Plan #D-28060, a copy of which Sublease is attached hereto as Exhibit 1 (the "Primary Sublease"). The Primary Sublease is subject and subordinate to all agreements made between PDA and the United States of America or the United States Air Force including, but not limited to, the Federal Facilities Agreement ("FFA"), and the Quitclaim Deed (the "Deed") dated October 15, 2003 granted by the United States of America (the "Government"), acting by and through the United States Air Force ("Air Force") to PDA, all as hereinafter defined.

B. PDA has acquired fee title to a portion of the former Pease Air Force Base by Deed recorded at the Rockingham County Registry of Deeds at Book 4227, Page 0001. The Parties acknowledge that the Deed imposes certain requirements on PDA, the Sublessor and Sublessee which are addressed in the terms and conditions of the Deed. By the acceptance of this Sublease the Sublessee hereby acknowledges that it must abide by and conform to those terms, conditions and restrictions set forth in the Deed as the same may be applicable to this Sublease and Sublessee's tenancy.

C. The Parties acknowledge that a Federal Facilities Agreement ("FFA") required under Section 120 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq. has been entered into by the Air Force, the New Hampshire Department of Environmental Services ("NHDES") and the United States Environmental Protection Agency ("EPA") regarding certain contamination at Pease and that this FFA also imposes certain conditions upon Sublessor and Sublessee which are addressed in the terms and conditions of the FFA and Deed. The term FFA shall include any amendments to said document. A copy of the FFA is attached as Exhibit 4 of this Sublease.

D. Sublessor is 222 International, Limited Partnership and is duly organized and existing under the laws of the State of Delaware with a principal place of business at One New

Hampshire Avenue, Pease International Tradeport, Portsmouth, New Hampshire, and is qualified to do business in the State of New Hampshire.

E. Sublessee is Speedpro Imaging of Portsmouth and is duly organized and existing under the laws of the State of New Hampshire with a principal place of business at 222 International Drive, Suite 135, Portsmouth, New Hampshire, and is qualified to do business in the State of New Hampshire.

F. Manager: C.P. Management, Inc., 11 Court Street, Suite 100, Exeter, NH 03833

NOW, THEREFORE, in consideration of the covenants herein contained and other valuable consideration, the receipt of which is hereby acknowledged, Sublessor and Sublessee hereby agree as follows:

ARTICLE 1.

PREMISES

1.1. Description of Subleased Premises

Sublessor, for and in consideration of the rents and covenants herein specified to be paid and performed by Sublessee, hereby leases to Sublessee, and Sublessee hereby hires from Sublessor, the premises described generally below and more particularly on the plans attached as Exhibit 5 (the "Subleased Premises" or the "Premises"): consisting of approximately 7,437 square feet and located at 222 International Drive, Portsmouth, New Hampshire..

Excluded from the Subleased Premises are property or other rights obtained by a utility supplier from PDA pursuant to a sublease or other agreement in connection with the provision of utility lines and or utility services at the Airport.

Appurtenant Rights and Reservations. (a) Sublessee shall have, as appurtenant to the Premises, the non-exclusive right to use, and permit its invitees to use in common with others, public or common lobbies, hallways, and common walkways necessary for access to the Building, and if the portion of the Premises on any floor includes less than the entire floor, the common toilets, corridors and elevator lobby of such floor; but Sublessee shall have no other appurtenant rights and all such rights shall always be subject to reasonable rules and regulations from time to time established by Sublessor pursuant to Section 14.7 and to the right of Sublessor to designate and change from time to time areas and facilities so to be used.

(b) Excepted and excluded from the Premises are the ceiling, floor, perimeter walls and exterior windows, except the inner surfaces thereof, but the entry doors (and related glass and finish work) to the Premises are a part thereof; and Sublessee agrees that Sublessor shall have the right to

place in the Premises (but in such manner as to reduce to a minimum interference with Sublessee's use of the Premises) interior storm windows, subcontrol devices (by way of illustration, an electric sub panel, etc.), utility lines, pipes, equipment and the like, in, over and upon the Premises. Sublessee shall install and maintain, as Sublessor may require, proper access panels in any hung ceilings or walls as may be installed by Sublessee in the Premises to afford access to any facilities above the ceiling or within or behind the walls.

1.2. Easements - Rights-of-Way

This Sublease is subject to existing easements and rights-of-way of record, the Utility Sublease and License Agreement dated July 31, 1992 by and between PDA and Public Service Company of New Hampshire ("PSNH"), the utility Sublease and License Agreement dated May 10, 1995 by PDA and New England Telephone and Telegraph Company ("NETEL"); (iii) the Wastewater Disposal and Water Service Facilities Sublease and License Agreement dated as of January 1, 1993 and amended July 1, 1998 by and between PDA and the City of Portsmouth ("COP") and (iv) the Pipeline Easement and Transfer Agreement dated August 12, 1998 by and between PDA, Portland Natural Gas Transmission System and Maritime & Northeast Pipeline, L.L.C. and such other agreements as PDA shall reasonably require for the provision of utilities and the operation, maintenance and repair of the Airport.

The Government reserves for the use and benefit of the public, an avigation easement and a right of way for the free and unobstructed passage of aircraft in the airspace above the surface of the Airport, together with the right to cause in such airspace such sound, vibrations, fumes, dust, fuel particles, and all other effects as may be caused by the operation of aircraft, now known or hereafter used, for the navigation through or flight in the said airspace, and for use of said airspace for landing on, taking off from, or operating on the Airport.

1.3. Access

Sublessee shall have in common with other Airport tenants and authorized Airport users the right to use the entrances, exits and roadways designated by PDA for common use at the Airport, subordinate, however, to PDA's rights to manage the common areas and roadways, which rights of PDA shall include, without limitation, the right to impose reasonable rules and regulations, and to add, delete, alter, or otherwise modify the designation and use of all parking areas, entrances, exits, roadways and other areas of the Airport.

The rights of Sublessee under this Section 1.3 shall be subordinate to PDA's rights, to manage the common areas and roadways which rights shall include, without limitation, the right to impose reasonable rules and regulations relating to use of the common areas and roadways and the right to add, delete, alter or otherwise modify the designation and use of all parking areas, entrances, exits, roadways and other areas of the Airport, provided, however, that during the term of this Sublease, Sublessee shall have reasonable access the Premises.

The Government reserves a no cost right of access for purposes of environmental investigation, response or other corrective action, as required by CERCLA Section 12(h)(A)(iii), the FFA, and as otherwise set forth in Article 22 of this Sublease.

ARTICLE 2.

CONDITION OF SUBLEASED PREMISES

2.1. As of August 27, 2019, the parties hereto shall have agreed upon the basic specifications and layout of the Sublessee's fit up improvements as shown in Exhibit 6. Final detailed construction drawings ("CD's") have yet to be produced. After full execution of this Sublease the Sublessor will commence the production of CD's such that the Improvements can be built. The CD's shall be approved in a timely manner by both parties. All improvements will be completed using building standard finishes and specifications. Any changes or modifications to the agreed upon specifications resulting an increase in cost, such increase shall be paid by Sublessee prior to the Term Commencement Date. The Sublessor warrants that all permits and approvals necessary to the construction of the premises will be obtained and that certificates of occupancy shall be obtained prior to the Sublessee occupancy of the subleased premises.

2.2. Sublessee hereby acknowledges and agrees to accept the Premises on the Commencement Date in its then "as is" condition without representation or warranty of Sublessor of any kind, either express or implied. Sublessor hereby extends to the Sublessee the benefit of any warranties given by any contractor or subcontractor of the Sublessor, as shall pertain to the subleased premises.

2.3. Sublessee acknowledges to the extent it performs any Alterations (as defined in Section 10.1) or other improvements at the Subleased Premises, it will be responsible for assuring that such Alterations or other improvements comply with Article 10 and PDA Land Use Controls, as hereinafter defined, and for obtaining any required building permits or certificates of occupancy with respect to such Alterations or other improvements.

ARTICLE 3.

TERM

3.1. This Sublease shall be for a base term of Ten (10) year(s) ("Base Term") which term shall commence on or about November 1, 2019, (Term Commencement Date") and shall expire at midnight on the day which is ten (10) full years year(s) from the Term Commencement Date, unless terminated earlier or extended in accordance with the provisions of this Sublease. The Term Commencement date shall be the earlier of substantial completion of improvements to the Subleased Premises or 120 days from full lease execution. The parties will memorialize the Term Commencement Date in a Term Commencement Agreement.

3.2. Unless the context clearly indicates otherwise when used in this Sublease the phrase "term of this Sublease" shall mean the Base Term plus any duly exercised allowable extensions thereof.

3.3. In the event the Primary Sublease is terminated for any reason whatsoever, this Sublease will automatically terminate on that same date.

ARTICLE 4.

BASIC RENT

4.1.

4.2 Security Deposit

Upon the execution of this lease, the Sublessee shall pay the sum of as a security deposit for the performance by the Sublessee of its obligations hereunder. If Sublessee defaults with respect to any provision of this Sublease, including but not limited to the provisions relating to the payment of Rent, Sublessor may use, apply, or retain all or any part of this security deposit for the payment of any rent or other sum in default, or for the payment of any other amount that Sublessor may spend or become obligated to spend by reason of Sublessee's default, or to compensate Sublessor for any other loss or damage that Sublessor may suffer by reason of Sublessee's default. If any portion of said deposit is so used or applied, Sublessee shall within ten (10) days after written demand therefor deposit cash with Sublessor in an amount sufficient to restore the security deposit to its original amount and Sublessee's failure to do so shall be a material breach of this Sublease. Sublessor shall not be required to keep this security deposit separate from Sublessor's general funds, and Sublessee shall not be entitled to interest on such deposit. If Sublessee shall fully and faithfully perform every provision of this Sublease to be performed by it, the security deposit or any balance thereof shall be returned to Sublessee (or at Sublessor's' option, to the last assignee of Sublessee's interest hereunder) at the expiration of the Sublease term.

4.3. Basic Rent due under Section 4.1 shall commence upon the Term Commencement Date. The annual Basic Rent shall be payable in each case in equal monthly installments of one twelfth thereof in advance on the first day of each month without offset in lawful money of the United States at the office of Sublessor at the Airport or at such other address as Sublessor may hereafter designate. In addition, Sublessee agrees to pay when due, such other amounts that may be required to be paid as additional rent. Sublessee's rent obligation for any fractional portion of a calendar month at the beginning or end of the term of this Sublease shall be a similar fraction of the rental due for an entire month.

4.4. As of each Adjustment Date (as hereinafter defined), the Basic Rent shall be adjusted as provided in Section 4.4 to reflect changes in the Consumer Price Index for All Urban Consumers applicable to the Boston area (all items 1982 - 1984 = 100) published by the United States Department of Labor, Bureau of Labor Statistics (the "Index").

On the first day following the expiration of the first year of the term of this Sublease and on the first day of each subsequent year (individually an "Adjustment Date" and collectively the "Adjustment Dates"), Basic Rent shall be subject to adjustment for the remainder of the term of this Sublease as follows:

- (1) For the first annual adjustment (commencing on the first day following the expiration of the first year of the term of this Sublease), the basis for computing such adjustment shall be the Index most recently published prior to the beginning of the first

year of the term ("Beginning Index"). If the Index most recently published prior to the first Adjustment Date ("Extension Index") has increased over the Beginning Index, the Basic Rent for the one-year period commencing as of such first Adjustment Date shall be the result obtained by multiplying the annual Basic Rent in effect on the day of the Adjustment Date (i.e. the annual rental for year one by a fraction, the numerator of which is the Extension Index and the denominator of which is the Beginning Index.)

(2) For all subsequent annual adjustments, the rent shall be adjusted in the same manner as that for the first annual adjustment provided; however, that the rental base shall be the rental in effect just prior to the then applicable Adjustment Date, the Extension Index for the preceding period shall be the Beginning Index and the Extension Index shall be the index most recently published prior to the then applicable Adjustment Date. On each Adjustment Date, the Parties shall execute an acknowledgment reflecting the new rent. Failure to execute such an acknowledgment shall not affect either the validity of this Sublease or the effective date of any adjustment to the rent hereunder.

(3) If for any Adjustment Date the Index most recently published following the Adjustment Date has not increased over, or has decreased from, the Beginning Index for that period, no escalation in rent shall be required on that Adjustment Date, and the rent shall remain at its then current rate until the next Adjustment Date.

If the Index is changed in any manner, including without limitation, a change in the base year, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Sublease, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. If the Parties shall be unable to agree upon a successor index, the Parties shall refer the choice of a successor index to arbitration in accordance with the rules of the American Arbitration Association. Notwithstanding the foregoing, the annual adjustment shall be capped at 3%

4.5. OPERATING EXPENSES

4.5 ADDITIONAL RENT. Sublessee agrees to pay to Sublessor as Additional Rent the Operating Expenses, Utility Expenses and Taxes as defined in this Section 4.5.

4.5.1 Definitions. For the purpose of this Article, the following terms shall have the following respective meanings:

- (i) Operating Year: Each calendar year in which any part of the Term of this Sublease shall fall.
- (ii) Operating Expenses: The aggregate costs or expenses reasonably incurred by Sublessor with respect to the operation, administration, insuring, cleaning, repair, maintenance and management of the Property (but specifically excluding Utility Expenses) all as set forth in Exhibit 12 annexed hereto, provided that, if during any

portion of the Operating Year for which Operating Expenses are to be computed, less than all of the Premises Rentable Area was occupied by Sublessee or if Sublessor is not supplying all sublessees with the services being supplied hereunder, actual Operating Expenses incurred shall be reasonably extrapolated by Sublessor on an item by item basis to the estimated Operating Expenses that would have been incurred if the Premises were fully occupied for such Year and such services were being supplied to all sublessees, and such extrapolated amount shall, for the purposes hereof, be deemed to be the Operating Expenses for such Year.

- (iii) **Utility Expenses:** The aggregate costs or expenses reasonably incurred by Sublessor with respect to supplying electricity (other than electricity supplied to those portions of the Premises leased to sublessees), oil, steam, gas, water and sewer and other utilities supplied to the Property and not paid or directly by sublessees, provided that, if during any portion of the Operating Year for which Utility Expenses are to be computed, less than all Building Rentable Area was occupied by sublessees or if Sublessor is not supplying all sublessees with the utilities being supplied hereunder, actual utility expenses incurred shall be reasonably extrapolated by Sublessor on an item by item basis to the estimated Utility Expenses that would have been incurred if the Premises were fully occupied for such Year and such utilities were being supplied to all sublessees, and such extrapolated amount shall, for the purposes hereof, be deemed to be the Utility Expenses for such Year.
- (iv) **Taxes:** "Taxes" shall mean all real estate taxes, special assessments and betterment assessments assessed with respect to the Premises for any Tax Year.
- (v) **Land Rent:** The rent charged to and paid by Sublessor to the PDA, or any successor authority, under the Primary Sublease assessed with respect to the Premises for any Operating Year.

4.5.2 Sublessee's Payments. Sublessee shall pay as Additional Rent to Sublessor in accordance with the schedule set forth in Section 4.5.3 during the Initial Term hereof and on the same schedule applicable to Base Rent under Section 4.3, an amount equal to the total amount of Sublessor's Operating Expenses, Utility Expenses, Land Rent and Taxes or each Operating Year Multiplied by the Sublessee's Pro Rata Share.

4.5.3 Estimated Expenses.

- (a) Estimated Expense Payments. Sublessor shall present prior to the beginning of each calendar year during the term of this Sublease, a reasonable estimation of Sublessor's Pro Rata Share of Operating Expenses, Utility Expenses, Land Rent and Taxes allocable to the Subleased Premises; Sublessee shall pay in each ensuing calendar month one-twelfth (1/12) of the amount of such Sublessor's estimated expenses allocable to the Subleased Premises. A final reconciliation shall be made by Sublessor at the end of each calendar year by applying the amount of such interim payments to the amounts otherwise due upon presentation of the annual statement rendered to Sublessee after each Operating Year.

- (b) Records. Sublessor agrees to keep in its principal office true and accurate records of such Operating Expenses. Sublessee shall have the right for a period of six months following receipt of any statement rendered under Section 4.5.3 (a) to examine the records on which such statement is based. In the event of any dispute with respect to any amount due under either Section 4.5, either party may refer to the dispute to arbitration pursuant to Article 29 hereof.

ARTICLE 5

IMPOSITIONS

5.1. During the term of this Sublease, Sublessor shall pay when due, all taxes, charges, excises, license and permit fees, assessments, and other governmental charges, general and special, ordinary and extraordinary, unforeseen, as well as foreseen, of any kind and nature whatsoever, which during the term of this Sublease are assessed or imposed upon or become due and payable or a lien upon the land and buildings of which the Subleased Premises are a part.

5.2 Abatement. If Sublessor shall receive any tax refund or reimbursement of Taxes or sum in lieu thereof with respect to any Tax Year which is not due to vacancies in the Building, then out of any balance remaining thereof after deducting Sublessor's expenses reasonably incurred in obtaining such refund, Sublessor shall, provided there does not then exist a Default of Sublessee, credit an amount equal to such refund or reimbursement or sum in lieu thereof (exclusive of any interest) multiplied by the Pro Rata Share against the obligations of Sublessee next falling due under this Article IV or if no such amounts are due, refund the balance to the Sublessee upon receipt.

ARTICLE 6.

SURRENDER OF SUBLEASED PREMISES

6.1. On the expiration or termination of this Sublease, Sublessee shall surrender to Sublessor the Subleased Premises, including all improvements and fixtures therein whether leased to or otherwise owned by Sublessee, broom clean and in good order, condition and repair, reasonable wear and tear excepted, together with all alterations, decorations, additions and improvements that may have been made in, to or on the Subleased Premises, except that Sublessee shall be allowed to remove its personal property or any improvements made by Sublessee at its sole expense that can be removed without damage to any buildings, facilities or other improvements to the Subleased Premises. The Subleased Premises, including the improvements and fixtures therein, shall be delivered free and clear of all subtenancies, liens and encumbrances, other than those, if any, permitted hereby or otherwise created or consented to by Sublessor, and, if requested to do so, Sublessee shall execute, acknowledge and deliver to Sublessor such instruments of further assurance as in the opinion of Sublessor are necessary or desirable to confirm or perfect Sublessor's right, title and interest in and to the Subleased Premises including said improvements and fixtures. On or before the end of the Sublease term, Sublessee shall remove all of Sublessee's personal and other property allowed to be removed hereunder, and all such property not removed shall be deemed abandoned by Sublessee and may be utilized or disposed of by Sublessor without any liability to Sublessee. Sublessee's obligation under this Article 6 shall survive the expiration or

termination of this Sublease.

ARTICLE 7.

INSURANCE

7.1. Public Liability Insurance. Sublessee agrees to maintain in full force from the date upon which Sublessee first enters the Premises for any reason, throughout the Term of this Sublease, and thereafter so long as Sublessee is in occupancy of any part of the Premises, a policy of general liability and property damage insurance (including broad form contractual liability, independent contractor's hazard and completed operations coverage) under which Sublessor, Manager (and such other persons as are in privity of estate with Sublessor as may be set out in notice from time to time) and Sublessee are named as additional insureds, and under which the insurer agrees to defend, indemnify and hold Sublessor, Manager, and those in privity of estate with Sublessor, harmless from and against all cost, expense and/or liability arising out of or based upon any and all claims, accidents, injuries and damages set forth in Article 12. Each such policy shall be non-cancelable and non-amendable with respect to Sublessor, Manager and Sublessor's said designees without thirty (30) days' prior notice to Sublessor and shall be as follows:

- (1) Comprehensive general liability insurance to a limit of not less than two million (\$2,000,000) dollars, endorsed for products and completed operations liability insurance, on an "occurrence basis" against claims for "personal injury", including without limitation, bodily injury, death or property damages, occurring upon, in or about the land and buildings of which the Subleased Premises are a part as required pursuant to the Primary Sublease.
- (2) Worker's compensation and employer's liability insurance in an amount and form which meets all applicable requirements of the labor laws of the State of New Hampshire, as amended from time to time, and which specifically covers the persons and risks involved in this Sublease.
- (3) Automobile liability insurance in amounts approved from time to time by Sublessor, but not less than one million (\$1,000,000) dollars combined single limit for owned, hired and non-owned automobiles.

7.2. All policies of insurance required to be carried under this Article shall be effected under valid and enforceable policies, in such forms and amounts as may, from time to time, be required under this Sublease, issued by insurers of recognized responsibility which are authorized to transact such insurance coverage in the State of New Hampshire, and which have been approved in writing by Sublessor, which approval shall not be withheld unreasonably. Except for workman's compensation coverage, all such policies of insurance shall be for the mutual benefit of Sublessor, PDA, and Sublessee as named additional insureds. Upon the execution of this Sublease (and thereafter not less than fifteen (15) days prior to the expiration date of each policy furnished pursuant to this Article) the original of each policy required to be furnished pursuant to this Article (or, with the consent of Sublessor, which consent shall not be unreasonably withheld,

in the case of comprehensive general liability insurance and products liability insurance, a certificate of the insurer reasonably satisfactory to Sublessor) bearing a notation evidencing the payment of the premium or accompanied by other evidence reasonably satisfactory to Sublessor of such payment, shall be delivered by Sublessee to Sublessor.

7.3. All policies of insurance shall provide for loss thereunder to be adjusted and payable to Sublessor or Sublessee in accordance with the terms of this Sublease.

7.4. 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 Sublessee, or any employee, officer or agent of Sublessee, 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, and (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 Sublessor and PDA and (iii) provide that the insurer shall have no right of subrogation against the PDA.

7.5. All policies of insurance required to be maintained by Sublessee shall have attached thereto the Lender's Loss Payable Endorsement, or its equivalent, or a loss payable clause acceptable to Sublessor, for the benefit of any Mortgagee, but the right of any Mortgagee to the payment of insurance proceeds shall at all times be subject to the provisions of this Sublease with respect to the application of the proceeds of such insurance.

7.6. Sublessee shall observe and comply with the requirements of all policies of insurance at any time in force with respect to the Subleased Premises and Sublessee shall also perform and satisfy the requirements of the companies writing such policies so that at all times companies of good standing reasonably satisfactory to Sublessor shall be willing to write or to continue such insurance. Sublessee shall, in the event of any violations or attempted violations of the provisions of this Section 7.6 by a subtenant, take steps, immediately upon knowledge of such violation or attempted violation, to remedy or prevent the same as the case may be.

7.7. Any insurance provided for in this Sublease may be effected by a policy or policies of blanket insurance or may be continued in such form until otherwise required by Sublessor; provided, however, that the amount of the total insurance allocated to the Subleased Premises shall be such as to furnish in protection the equivalent of separate policies in the amounts herein required, and provided further that in all other respects, any such policy or policies shall comply with the other provisions of this Sublease. In any such case it shall not be necessary to deliver the original of any such blanket policy to Sublessor, but Sublessee shall deliver to Sublessor and to any Mortgagee a certificate or duplicate of such policy in form and content acceptable to Sublessor.

7.8. Sublessee's Risk. To the maximum extent this agreement may be made effective according to law, Sublessee agrees to use and occupy the Premises and to use such other portions of the Property as Sublessee is herein given the right to use at Sublessee's own risk; and Sublessor shall have no responsibility or liability for any loss of or damage to Sublessee's Removable Property or for any inconvenience, annoyance, interruption or injury to business arising from Sublessor's making any repairs or changes which Sublessor is permitted by this Sublease or required by law to make in or to any portion of the Premises or other sections of the Property, or in or to the fixtures, equipment or appurtenances thereof, except where the Sublessor is grossly negligent in making such repairs. Sublessee shall carry "all-risk" property insurance on a "replacement cost" basis (including so-called

improvements and betterments), or be self insured (with respect to the Sublessee's removal property), and provide a mutual waiver of subrogation for both parties. The provisions of this Section shall be applicable from and after the execution of this Sublease and until the end of the Term of this Sublease, and during such further period as Sublessee may use or be in occupancy of any part of the Premises or of the Building.

7.9. Injury Caused By Third Parties. To the maximum extent this agreement may be made effective according to law, Sublessee agrees that Sublessor shall not be responsible or liable to Sublessee, or to those claiming by, through or under Sublessee, for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the premises adjacent to or connecting with the Premises or any part of the Property or otherwise. The provisions of this Section shall survive the expiration or any earlier termination of this Sublease.

ARTICLE 8.

USE OF SUBLEASED PREMISES

8.1. The sole purpose for which Sublessee may use the Subleased Premises is for general office, warehouse and related uses and for no other uses without Sublessor's and PDA's prior written consent. Sublessee shall not use, or permit to be used, the Subleased Premises for any other purpose without the prior express written consent of Sublessor and PDA. Sublessor's and PDA's consent shall be subject to the execution of an appropriate agreement which shall include a provision requiring the payment of established fees and charges that may be applicable to any such additional uses consented to by Sublessor and PDA. Sublessee is prohibited from any use of the Subleased Premises not specifically granted in this Section 8.1.

8.2. Sublessee recognizes that the uses authorized in Section 8.1 are not granted on an exclusive basis and that Sublessor and PDA may enter into subleases or other agreements with other tenants or users at areas of the building in which the Subleased Premises are a part or other areas of the Airport for similar, identical, or competing uses. No provision of this Sublease shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act as the same may be amended from time to time.

8.3. Sublessee agrees that it will keep the Premises in a neat, clean and orderly condition in accordance the provisions of Chapters 300 through 500 of the Pease Development Authority Zoning Requirements, Site Plan Review Regulations and Subdivision Regulations (collectively the "Land Use Controls") and such other rules and regulations from time to time promulgated, provided that Sublessee shall not be bound by any such rules and regulations until such time as it receives a copy thereof. Sublessor agrees to cause trash receptacles to be emptied and trash removed at Sublessor's sole cost and expense.

8.4. Sublessee warrants that it holds all certificates, permits, licenses or other entitlements required by federal, state or local laws in order to allow Sublessee to conduct the permitted uses hereunder, and that the same are and will be kept current, valid and complete. Sublessee further warrants that it shall at all times abide by and conform with all terms of the same and that it shall give immediate notice to Sublessor of any additions, renewals, amendments, suspensions or revocations. In the use and occupation of the Subleased Premises and the conduct of such business thereon, Sublessee, at its sole cost and expense, shall promptly comply with all present and future

laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, courts, departments, commissions and boards, any national, state or local Board of Fire Underwriters, or any other body exercising functions similar to those of any of the foregoing.

8.5. Sublessee shall have the right to contest by appropriate proceedings diligently conducted in good faith, without cost or expense to Sublessor, the validity or application of any law, ordinance, order, rule, regulation or requirement of the nature referred to in this Article. If compliance with any such law, ordinance, order, rule, regulation or requirement may be delayed on the basis of an order from a court of competent jurisdiction pending the prosecution of any such proceeding without the incurrence of any lien, charge or liability of any kind against the Subleased Premises or Sublessee's interest therein and without subjecting Sublessor to any liability, civil or criminal, for failure so to comply therewith, Sublessee may delay compliance therewith consistent with such court order. Even if such lien, charge or civil liability would be incurred by reason of any such delay, Sublessee may, with the prior written consent of Sublessor, contest as aforesaid and delay as aforesaid, provided that such contest or delay does not subject Sublessor to criminal liability, damages or expense and provided that Sublessee: (i) furnishes to Sublessor security, reasonably satisfactory to Sublessor, against any loss or injury by reason of such contest or delay; and (ii) prosecutes the contest with due diligence.

Sublessor and PDA shall not be required to join in any proceedings referred to in this Section unless the provisions of any applicable laws, rules or regulations at the time in effect shall require that such proceedings be brought by and/or in the name of Sublessor and/or PDA and Sublessor and/or PDA determines that such action is in its best interests, in which event Sublessor and/or PDA shall join in the proceedings, or permit the same to be brought in its name, if Sublessee shall pay all expenses in connection therewith.

8.6. Responsibility for compliance with all Federal, State and local laws as required by this Article rests exclusively with the Sublessee. Sublessor assumes no enforcement or supervisory responsibility except with respect to matters committed to its jurisdiction and authority.

8.7. Sublessee's use of the Subleased Premises shall be orderly and efficient and shall not cause any disruptions to other Airport activities or other tenants in the building in which the Subleased Premises are a part. Sublessee shall not cause or maintain any nuisance on the Subleased Premises. Sublessee shall conduct all of its activities hereunder in an environmentally responsible manner.

8.8. Sublessee shall have the right to obtain supplies or services from suppliers, vendors or contractors of its own choice at the Subleased Premises, provided that PDA in the Primary Sublease reserved the right to prohibit persons from engaging in "aeronautical activities" (as defined in Advisory Circular AC 150/5190-2A of the Federal Aviation Administration) or the provision of ground transportation services at the Airport except in accordance with concession contracts or operating agreements entered into between PDA and said persons.

8.9. Intentionally omitted.

8.10. Sublessee agrees to conform to the following provisions during the Term of this Sublease: (i) Sublessee shall cause all freight to be delivered to or removed from the Building and the Premises in accordance with reasonable rules and regulations established by Sublessor therefor; (ii) Sublessee

will not place on the exterior of the Premises (including both interior and exterior surfaces of doors and interior surfaces of windows) or on any part of the Building outside the Premises, any signs, symbol, advertisements or the like visible to public view outside of the Premises. Sublessor will not unreasonably withhold consent for signs or lettering on the entry doors to the Premises provided such signs conform to building standards adopted by Sublessor and Sublessee has submitted a sketch of the sign to be placed on such entry doors. (iii) Sublessee shall not perform any act or carry on any practice which may injure the Premises, or any other part of the Building, or cause offensive odors or loud noise or constitute a nuisance or menace to any other Sublessee or sublessees or other persons in the Building; (iv) Sublessee shall, at its sole cost and expense: (x) in its use of the Premises, the Building or the Land, comply with the requirements of all applicable governmental laws, rules and regulations including, without limitation, the Americans with Disabilities Act of 1990, as amended (the "ADA") and (y) In the event of any Sublessee's work or improvements, pay for and perform any work necessary to bring the Premises, the Building or the Land into compliance with the ADA which work is required due to the Sublessee's use of the Premises, the Building or the Land for retail purposes; and (v) Sublessee shall continuously throughout the Term of this Sublease occupy the Premises for the Permitted Uses and for no other purposes. The Sublessor hereby certifies that the initial construction of the building and Sublessor's fit up of the leased premises conform to all ADA requirements.

ARTICLE 9

LIENS

9.1. During the term of this Sublease, Sublessee shall not permit to remain, and shall promptly discharge, at its cost and expense, all liens, encumbrances and charges upon the Subleased Premises or any part thereof; provided, that the existence of any mechanics', laborers', materialmen's, suppliers' or vendors' liens or rights thereto shall not constitute a violation of this Article if payment is not yet due under the applicable contract. Sublessee shall, however, have the right to contest with due diligence the validity or amount of any lien or claimed lien, if Sublessee shall give to Sublessor such security as Sublessor may reasonably require to insure payment thereof and prevent any sale, foreclosure or forfeiture of Sublessee's interest in the Subleased Premises or any portion thereof by reason of such nonpayment. On final determination of the lien or claim for lien, Sublessee shall immediately pay any judgment rendered with all proper costs and charges and shall have the lien released or judgment satisfied at Sublessee's own expense, and if Sublessee shall fail to do so, Sublessor may at its option pay any such final judgment and clear the Subleased Premises therefrom. If Sublessee shall fail to contest with due diligence the validity or amount of any such lien or claimed lien, or to give Sublessor security as hereinabove provided, Sublessor may, but shall not be required to, contest the validity or amount of any such lien or claimed lien or settle or compromise the same without inquiring into the validity of the claim or the reasonableness of the amount thereof.

9.2. Should any lien be filed against the Subleased Premises or the building in which the Subleased Premises are a part, or should any action of any character affecting the title thereto be commenced, Sublessee shall give to Sublessor written notice thereof as soon as notice of such lien or action comes to the knowledge of Sublessee.

ARTICLE 10

ALTERATIONS – SIGNS

10.1. Sublessee shall not place or construct any improvements, changes, structures, alterations or additions (cumulatively referred to in this Article as “Alterations”) in, to, or upon the Subleased Premises without Sublessor’s and PDA’s written consent. Unless Sublessee is subject to an earlier notice requirement under the PDA’s land use controls or other applicable requirements with respect to the information required under this section, any request for Sublessor’s and PDA’s consent shall be made upon sixty (60) days written notice and shall be accompanied by preliminary engineering or architectural plans or, if consented to by Sublessor and PDA, working drawings. If Sublessor and PDA each grants its consent, all such work shall be done at Sublessee’s sole cost and expense, subject, in all cases, to the following covenants:

- (1) All work and Alterations shall be done in compliance with all applicable governmental regulations, codes, standards or other requirements, including fire, safety and building codes and Land Use Regulations promulgated by PDA and with the provisions of Article 22 of this Sublease. This obligation shall include compliance with all applicable provisions of the FFA (as defined in Article 22), including obligations imposed upon Sublessor in respect to construction and construction related work.
- (2) All Alterations shall be of such a character as not to materially reduce the value and usefulness of any of the buildings or other improvements below their value and usefulness immediately before such Alteration. All work performed hereunder shall be performed in a good and workmanlike manner, shall conform to drawings and specifications approved by Sublessor and PDA and shall not be disruptive of the overall operation of the Airport. All contractors engaged by Sublessee to perform such work shall employ labor that can work in harmony with all elements of labor at the Airport.
- (3) During the period of construction of any alteration, Sublessee or any contractor, subcontractor or sublessee of Sublessee shall maintain or cause to be maintained the following insurance:
 - (i) The comprehensive general liability and automobile insurance provided for in Article 7 and shall be maintained for the limits specified thereunder and shall provide coverage for the mutual benefit of Sublessor, PDA, and Sublessee as named or additional insured (as is appropriate) in connection with any Alteration permitted pursuant to this Article 10.
 - (ii) Fire and any other applicable insurance provided for in Article 7 which if not then covered under the provisions of existing policies shall be covered by special endorsement thereto in respect to any Alteration, including all materials and equipment therefor incorporated in, on, or about the Subleased Premises (including excavations, foundations,

and footings) under broad form all risk builder's risk completed value form or equivalent thereof; and

- (iii) Worker's compensation insurance covering all persons employed in connections with the work and with respect to whom death or bodily injury claims could be asserted against PDA, Sublessor, Sublessee or the Subleased Premises, with statutory limits as then required under the laws of the State of New Hampshire.

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

10.2. Sublessee may erect and maintain suitable signs only with the Subleased Premises and upon receiving the prior written approval of Sublessor and PDA. Sublessee shall submit drawings of proposed signs and information on the number, size, type, and location, all of which Sublessor and PDA may review for harmony and conformity with the overall structure and architectural and aesthetic setting of the building in which the Subleased Premises are a part and the Airport as well as with PDA's own land use control regulations and may approve or disapprove accordingly.

10.3. Notwithstanding any other provision of this Sublease, the right of Sublessee to place or construct Alterations in, to, or upon the Subleased Premises shall be subject to Paragraph VII. B of the Deed.

10.4. In addition to the requirements to provide notice to Sublessor and PDA under this Article 10 in respect to any Alteration, Sublessee shall also provide notice to Air Force, EPA and NHDES in the same manner and to the extent required of PDA under the Deed and/or the FFA.

10.5. The Sublessor, its sublessees and assignees shall not conduct any excavation, digging, drilling or other disturbance of areas denoted as "Use Restriction Zones" on Exhibit C of the Deed.

ARTICLE 11

RIGHT OF SUBLESSOR TO INSPECT AND REPAIR

11.1. Sublessee will permit Sublessor and/or PDA and their authorized agents and representatives to enter the Subleased Premises at all reasonable times and upon reasonable notice for the purpose of: (i) inspecting the same; and (ii) making any necessary repairs and performing any other work that may be necessary by reason of Sublessee's failure to comply with the terms of this Sublease within ten (10) days after written notice from Sublessor, unless an emergency situation (as determined in Sublessor's and/or PDA's sole discretion) requires earlier action by Sublessor. Nothing herein shall imply any duty upon the part of Sublessor and/or PDA to do any such work and performance thereof by Sublessor and/or PDA shall not constitute a waiver of Sublessee's default in failing to perform the same. Sublessor and/or PDA may during the progress of such work keep and store in or on the Subleased Premises all necessary materials, tools, supplies and equipment. Sublessor and/or PDA shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage of Sublessee by reason of making such repairs or the

performance of any such work, on or account of bringing materials, tools, supplies or equipment into or through the Subleased Premises during the course thereof and the obligations of Sublessee under this Sublease shall not be affected thereby. Nothing herein shall limit the provisions of Article 8 of the Primary Sublease.

11.2. Sublessee acknowledges that from time to time PDA may undertake construction, repair or other activities related to the operation, maintenance and repair of the Airport which will require temporary accommodation by Sublessee. Sublessee agrees to accommodate PDA in such matters, even though Sublessee's own activities may be inconvenienced or partially impaired, and Sublessee agrees that no liability shall attach to PDA, its members, employees or agents by reason of such inconvenience or impairment, unless such activities of PDA hereunder are performed in a negligent manner.

11.3. Sublessee shall allow PDA and any agency of the United States, its officers, agents, employees and contractors to enter upon the Subleased Premises for any purposes not inconsistent with Sublessee's quiet use and enjoyment, including but not limited to the purpose of inspection. Notwithstanding the preceding sentence, in the event the Government (or any other agency having a right of entry under the Deed an/or the FFA determines that immediate entry is required for safety, environmental, operations or security purposes they may effect such entry without prior notice. The Sublessee shall have no claim against PDA or against the United States or any officer, agent, employee or contractor thereof on account of any such entries.

ARTICLE 12

GENERAL INDEMNIFICATION BY SUBLESSEE

12.1. In addition to any other obligation of Sublessee under this Sublease to indemnify, defend and hold harmless Sublessor, its principals, agents and employees, etc., Sublessee agrees to indemnify, defend and hold harmless Sublessor against and from any and all claims, judgments, damages, penalties, fines, assessments, costs and expenses, liabilities and losses (including, without limitation, diminution in value of the Premises, damages for the loss or restriction on the use of the Premises, sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees) resulting or arising during the term of this Sublease:

(1) from any condition of the Premises resulting from the use of the Premises by the Sublessee;

(2) from any breach or default on the part of Sublessee in the performance of any covenant or agreement on the part of Sublessee to be performed pursuant to the terms of this Sublease, or from any act or omission of Sublessee, or any of its agents, contractors, servants, employees, sublessees, licensees or invitees; or

(3) from any accident, injury, loss or damage whatsoever caused by any act or omissions of Sublessee, or any of its agents, contractors, servants, employees, sublessees, licensees or invitees, to any person or property occurring during the term of this Sublease, on or about the Subleased Premises (including ramp and parking areas), or upon the land, streets, curbs or parking areas adjacent thereto.

In the event that any action or proceeding is brought against Sublessor by reason of any matter for which Sublessee has hereby agreed to indemnify, defend, or hold harmless Sublessor, Sublessee, upon notice from Sublessor, covenants to resist or defend such action or proceeding with counsel acceptable to Sublessor.

12.2. The term "Person" as used in this Article shall include individuals, corporations, partnerships, governmental units and any other legal entity entitled to bring a claim, action or other demand or proceeding on its own behalf or on behalf of any other entity.

12.3. The Sublessee also expressly waives any claims against PDA and the State of New Hampshire and further agrees to indemnify, save, hold harmless and defend PDA and the State of New Hampshire to the same extent required of the Sublessor under the Primary Sublease.

ARTICLE 13

UTILITIES

13.1. Sublessor shall bring or shall cause utility lines to be brought to the Subleased Premises at the points existing as of the Term Commencement Date or such other points as may be designated by Sublessor (in consultation with Sublessee). The utility lines shall have the capacities existing as of the Term Commencement Date which Sublessee acknowledges are sufficient to enable Sublessee to obtain for the Subleased Premises, as of the date of commencement of Sublessee's activities, sufficient water, electricity, telephone and sewer service. Sublessee shall not at any time overburden or exceed the capacity of the mains, feeders, ducts, conduits, or other facilities by which such utilities are supplied to, distributed in or serve the Subleased Premises. If Sublessee desires to install any equipment which shall require additional utility facilities or utility facilities of a greater capacity than the facilities provided by Sublessor, such installation shall be subject to Sublessor's and PDA's prior written approval of Sublessee's plans and specifications therefor, which approval shall not be unreasonably withheld. If such installation is approved by Sublessor and PDA and if Sublessor and PDA agrees to provide any additional facilities to accommodate Sublessee's installation, Sublessee agrees to pay Sublessor and/or PDA, in advance and on demand, the cost for providing such additional utility facilities or utility facilities of greater capacity.

PDA under the Primary Sublease also reserved the right to run such utility lines as it deems necessary in connection with the development of the Airport to, from, or through the Subleased Premises, provided, however, that PDA in exercising such reserved right shall provide reasonable prior notice and the opportunity to confer with PDA and shall exercise reasonable efforts to avoid or minimize interference with use of the Subleased Premises.

PDA under the Primary Sublease, at its sole discretion, shall have the right from time to time, to alter the method and source of supply of the above enumerated utilities to the Subleased Premises and Sublessee agrees to execute and deliver to PDA such documentation as may be required to effect such alteration. Sublessee agrees to pay all charges for the above enumerated utilities supplied by Sublessor, public utility or public authority, or any other person, firm or corporation which are separately metered to the Subleased Premises.

PDA under the Primary Sublease, shall have the option to supply any of the above-

enumerated utilities to the Subleased Premises. If PDA shall elect to supply any of such utilities to the Subleased Premises, Sublessee will purchase its requirements for such services tendered by PDA, and Sublessee will pay PDA, within ten (10) days after mailing by PDA to Sublessee of statements therefor, at the applicable rates determined by PDA from time to time which PDA agrees shall not be in excess of the public utility rates for the same service, if applicable, to other aviation tenants at the Airport. If PDA so elects to supply any of such utilities, Sublessee shall execute and deliver to PDA, within ten (10) days after request therefor, any documentation reasonably required by PDA to effect such change in the method of furnishing of such utilities.

13.2. Sublessor shall be responsible for providing any meters or other devices for the measurement of utilities supplied to the Subleased Premises. Sublessee shall be solely responsible for and promptly pay, as and when the same become due and payable, all charges for water, sewer, electricity, gas, telephone and any other utility used or consumed in the Subleased Premises and supplied by PDA, any public utility or authority or any other person, firm or corporation which are separately metered to the Subleased Premises.

13.3. All work and construction under this Article shall comply with the provisions of Article 10 of this Sublease applicable to construction work.

ARTICLE 14

INSTALLATION AND ALTERATIONS BY SUBLESSEE, REPAIRS AND SERVICES TO BE FURNISHED BY SUBLESSOR.

14.1. Installation and Alterations by Sublessee, etc. Sublessee shall make no alterations, additions (including, for the purposes hereof, wall-to-wall carpeting), or improvements in or to the Premises without Sublessor's prior written consent. Any such alterations, additions or improvements shall (i) be in accordance with complete plans and specifications prepared by Sublessee and approved in advance by Sublessor; (ii) be performed in a good and workmanlike manner and in compliance with all applicable laws; (iii) be performed and completed in the manner required herein; (iv) be made at Sublessee's sole expense and at such times as Sublessor may from time to time designate; and (v) become a part of the Premises and the property of Sublessor. It is agreed and understood that Sublessor shall have the right to review and approve all changes to any plans which Sublessor shall have approved pursuant to this Section. It is also agreed and understood that Sublessor shall not be deemed to be unreasonable in denying its consent to alterations, additions and improvements to the Premises which affect "Base Building Systems" (as said term is hereafter defined). As used herein, the term "Base Building Systems" shall mean (i) any mechanical, electrical or plumbing system or component of the Building (including the Premises) (ii) the exterior of the Building (iii) the Building HVAC distribution system (iii) any fire safety prevention/suppression system and (iv) any structural element or component of the Building.

14.2. All articles of personal property and all business fixtures, machinery and equipment and furniture owned or installed by Sublessee solely at its expense in the Premises ("Sublessee's Removable Property") shall remain the property of Sublessee and may be removed by Sublessee at any time prior to the expiration of this Sublease, provided that Sublessee, at its expense, shall repair any damage to the Building caused by such removal.

14.3. All of the Sublessee's alterations, additions and installation of furnishings shall be coordinated with any work being performed by Sublessor and in such manner as to maintain harmonious labor relations and not damage the Property or interfere with Building construction or operation and, except for installation of furnishings, shall be performed by Sublessor's general contractor or, at Sublessor's election, by contractors or workmen first approved by Sublessor. Installation and moving of furnishings, equipment and the like shall be performed only with labor compatible with that being employed by Sublessor for work in or to the Building and not to employ or permit the use of any labor or otherwise take any action which might result in a labor dispute involving personnel providing services in the Building. Except for work by Sublessor's general contractor, Sublessee before its work is started shall: secure all licenses and permits necessary therefor.

14.4. In connection with the performance of any alterations, improvements, changes or additions to the Premises as contemplated by Article IV or Section 5.2 of this Sublease, in the event that any such improvement, alteration, change or addition to the Premises to be performed by Sublessee (the Sublessee's Work") affects so-called "Base Building Systems" and to the extent that such Work is not performed by Sublessor or a general contractor employed directly by Sublessor, Sublessee hereby agrees to use the services of a construction management firm designated by Sublessor to oversee, coordinate and review all aspects of any such Work. The cost and expense of the services of such construction manager shall be borne by Sublessee but only to the extent that such costs and expenses are comparable to and competitive with the costs and expenses charged by other firms engaged in construction management and oversight services in the general geographic location of the Building for services of a similar scope and type.

14.5. Sublessor Repairs. (a) Except as otherwise provided in this Sublease, Sublessor agrees to keep in good order, condition and repair the roof, public areas, exterior walls (including exterior glass) and structure of the Building (including plumbing, mechanical and electrical systems installed by Sublessor but excluding any systems installed specifically for Sublessee's benefit or used exclusively by Sublessee) and the HVAC system serving the Premises, all insofar as they affect the Premises, except that Sublessor shall in no event be responsible to Sublessee for the condition of glass in the Premises or for the doors (or related glass and finish work) leading to the Premises, or for any condition in the Premises or the Building caused by any act or neglect of Sublessee, its agents, employees, invitees or contractors. Sublessor shall not be responsible to make any improvements or repairs to the Building other than as expressly in this Section, unless expressly provided otherwise in this Sublease. All costs and expenses incurred by Sublessor in performing its obligations under this Section shall be included in Operating Expenses.

14.6. Any services which Sublessor is required to furnish pursuant to the provisions of this Sublease may, at Sublessor's option be furnished from time to time, in whole or in part, by employees of Sublessor or by the Manager of the Property or by one or more third persons and Sublessor further reserves the right to require Sublessee to enter into agreements with such persons in form and content approved by Sublessor for the furnishing of such services. Sublessor shall cause the paved portions of the Property to be kept reasonably free and clear of snow, ice and refuse and shall cause the landscaped areas of the Property to be maintained in a reasonably attractive appearance.

14.7. Sublessee's Agreement (a) Sublessee will keep neat and clean and maintain in good order, condition and repair the Premises and every part thereof, excepting only those repairs for which Sublessor is responsible under the terms of this Sublease, and reasonable wear and tear of the

Premises, and damage by fire or other casualty and as a consequence of the exercise of the power of eminent domain; and shall surrender the Premises, at the end of the Term, in such condition. Sublessee shall continually during the Term of this Sublease maintain the Premises in accordance with all laws, codes and ordinances from time to time in effect and all directions, rules and regulations of the proper officers of governmental agencies having jurisdiction, and shall, at Sublessee's own expense, obtain all permits, licenses and the like required by applicable law. Sublessee shall be responsible for the cost of repairs which may be necessary by reason of damage to the Building caused by any act or neglect of Sublessee or its agents, employees, contractors or invitees (including any damage by fire or any other casualty arising therefrom).

(b) If repairs are required to be made by Sublessee pursuant to the terms hereof, Sublessor may demand that Sublessee make the same forthwith, and if Sublessee refuses or neglects to commence such repairs and complete the same with reasonable dispatch after such demand, Sublessor may (but shall not be required to do so) make or cause such repairs to be made (the provisions of Section 14.18 being applicable to the costs thereof) and shall not be responsible to Sublessee for any loss or damage that may accrue to Sublessee's stock or business by reason thereof. Notwithstanding the foregoing, Sublessor may elect to take action hereunder immediately and without notice to Sublessee if Sublessor reasonably believes an emergency to exist.

14.8. Floor Load - Heavy Machinery. (a) Sublessee shall not place a load upon any floor in the Premises exceeding the floor load per square foot of area which such floor was designed to carry and which is allowed by law. Sublessor reserves the right to prescribe the weight and position of all business machines and mechanical equipment, including safes, which shall be placed so as to distribute the weight. Business machines and mechanical equipment shall be placed and maintained by Sublessee at Sublessee's expense in settings sufficient, in Sublessor's judgment, to absorb and prevent vibration, noise and annoyance. Sublessee shall not move any safe, heavy machinery, heavy equipment, freight, bulky matter or fixtures into or out of the Building without Sublessor's prior consent, which consent may include a requirement to provide insurance, naming Sublessor as an insured, in such amounts as Sublessor may deem reasonable.

(b) If such safe, machinery, equipment, freight, bulky matter or fixtures requires special handling, Sublessee agrees to employ only persons holding a Master Rigger's License to do such work, and that all work in connection therewith shall comply with applicable laws and regulations. Any such moving shall be at the sole risk and hazard of Sublessee, and Sublessee will exonerate, indemnify and save Sublessor harmless against and from any liability, loss, injury, claim or suit resulting directly or indirectly from such moving.

14.9 Electricity. (a) Sublessor shall permit Sublessor's existing wires, pipes, risers, conduits and other electrical equipment of Sublessor to be used for the purpose of providing electrical service to the Premises. All electrical service to the premises will be separately metered and paid directly by the Sublessee. Sublessee covenants and agrees that its electrical usage and consumption will not disproportionately "siphon off" electrical service necessary for other sublessees of the Building and that its total connected load will not exceed the maximum load from time to time permitted by applicable governmental regulations nor the design criteria of the existing Building electrical capacity. Sublessor shall not in any way be liable or responsible to Sublessee for any loss or damage or expense which Sublessee may sustain or incur if, during the Term of this Sublease, either the quantity or character of electric current is changed or electric current is no longer available or suitable for Sublessee's requirements due to a factor or cause beyond Sublessor's control. Sublessee

shall purchase and install all lamps, tubes, bulbs, starters and ballasts. Sublessee shall pay all charges for electricity, HVAC, gas and other utilities used or consumed in the Premises. Sublessee shall bear the cost of repair and maintenance of any electric or gas meter used or to be installed in (or serving) the Premises.

(b) In order to insure that the foregoing requirements are not exceeded and to avert possible adverse affect on the Building's electrical system, Sublessee shall not, without Sublessor's prior consent, connect any fixtures, appliances or equipment to the Building's electrical distribution system which operates on a voltage in excess of 120 volts nominal. If Sublessor shall consent to the connection of any such fixtures, appliances or equipment, all additional risers or other electrical facilities or equipment required therefor shall be provided by Sublessor and the cost thereof shall be paid by Sublessee upon Sublessor's demand as Additional Rent. From time to time during the Term of this Sublease, Sublessor shall have the right to have an electrical consultant selected by Sublessor make a survey of Sublessee's electric usage, the result of which shall be conclusive and binding upon Sublessor and Sublessee. In the event that such survey shows that Sublessee has exceeded the requirements set forth in paragraph (a), in addition to any other rights Sublessor may have hereunder, Sublessee shall, upon demand, reimburse Sublessor for the costs of such survey.

14.10. All work, repairs, alterations or modifications undertaken pursuant to this Article 14 shall be subject to the provisions of Article 10 of this Sublease

ARTICLE 15

ACCESS TO PREMISES

Sublessor and its agents shall have the right to enter upon the Subleased Premises, or any part thereof, without charge, at all reasonable times, and upon reasonable notice, and in case of emergency at any time, to inspect the same, to show the Subleased Premises to prospective purchasers or tenants, to make or facilitate any repairs, alterations, additions, or improvements to the Subleased Premises. Nothing in this Article contained shall obligate Sublessor to make any repairs, alterations, additions or improvements. Sublessee shall not be entitled to any abatement or reduction of rent or damages by reason of any of the foregoing. No forcible entry shall be made by Sublessor unless such entry shall be reasonably necessary to prevent serious injury, loss, or damage to persons or property. Sublessor shall repair any damage to property of Sublessee, or anyone claiming under Sublessee, caused by or resulting from Sublessor's making any such repairs, alterations, additions, or improvements, except only such damage as shall result from the making of such repairs, alterations, additions, or improvements, which Sublessor shall make as a result of the default, fault, or negligence of Sublessee, or anyone claiming under Sublessee. For the period commencing six (6) months prior to the expiration of the term of this Sublease, Sublessor may maintain "For Rent" signs on the front or any part of the exterior of the Subleased Premises.

ARTICLE 16

DAMAGE OR DESTRUCTION

16.1. Sublessor's Right of Termination. If the Premises or the Building are substantially damaged by fire or casualty (the term "substantially damaged" meaning damage of such a character that the same cannot, in ordinary course, reasonably be expected to be repaired within sixty (60) days from the time the repair work would commence), or if any part of the Building is taken by any exercise of the right of eminent domain, then Sublessor shall have the right to terminate this Sublease (even if Sublessor's entire interest in the Premises may have been divested) by giving notice of Sublessor's election so to do within 90 days after the occurrence of such casualty or the effective date of such taking, whereupon this Sublease shall terminate thirty (30) days after the date of such notice with the same force and effect as if such date were the date originally established as the expiration date hereof.

16.2. Restoration. If this Sublease shall not be terminated pursuant to Section 16.1, Sublessor shall thereafter use due diligence to restore the Premises (excluding any alterations, additions or improvements made by Sublessee) to proper condition for Sublessee's use and occupation, provided that Sublessor's obligation shall be limited to the amount of insurance proceeds available therefor. If, for any reason, such restoration shall not be substantially completed within six months after the expiration of the 90 day period referred to in Section 16.1 (which six-month period may be extended for such periods of time as Sublessor is prevented from proceeding with or completing such restoration for any cause beyond Sublessor's reasonable control, but in no event for more than an additional three months), Sublessee shall have the right to terminate this Sublease by giving notice to Sublessor thereof within thirty (30) days after the expiration of such period (as so extended). Upon the giving of such notice, this Sublease shall cease and come to an end without further liability or obligation on the part of either party unless, within such 30-day period, Sublessor substantially completes such restoration. Such right of termination shall be Sublessee's sole and exclusive remedy at law or in equity for Sublessor's failure so to complete such restoration. During the period of such restoration, if the Sublessee shall not have reasonable use and occupancy of the premises, the rent shall be abated during that period or portion thereof.

ARTICLE 17

EMINENT DOMAIN

17.1. If after the execution of the Sublease and prior to the expiration of the term of this Sublease, the whole of the Subleased Premises shall be taken under the power of eminent domain, then the term of this Sublease shall cease as of the time when Sublessor shall be divested of its title in the Subleased Premises, and minimum rent shall be apportioned and adjusted as of the time of termination.

17.2. If only a part of the Subleased Premises shall be taken under the power of eminent domain, then if as a result thereof the Subleased Premises shall not be reasonably adequate for the operation of the business conducted in the Subleased Premises prior to the taking, Sublessor or Sublessee may, at its election, terminate the term of this Sublease by giving the other notice of the exercise of its election within twenty (20) days after it shall receive notice of such taking, and the termination shall be effective as of the time that Sublessee is dispossessed, and base rent shall be apportioned and adjusted as of the time of termination. If only a part of the Subleased Premises shall be taken under the power of eminent domain, and if the term of this Sublease shall not be terminated as aforesaid, then the term of this Sublease shall continue in full force and effect, and Sublessor shall, within a reasonable time after possession is required for public use, repair and

rebuild what may remain of the leased Premises so as to put the same into condition for use and occupancy by Sublessee, and a just proportion of the base rent according to the nature and extent of the injury to the Subleased Premises shall be abated for the balance of the term of this Sublease and in addition business interruption and/or relocation aware are to be paid out of the taking shall be the property of and shall be paid to the Sublessee.

17.3. Sublessor reserves to itself, and Sublessee assigns to Sublessor, all rights to damages accruing on account of any taking under the power of eminent domain or by reason of any act of any public or quasi public authority for which damages are payable. Sublessee agrees to execute such instruments of assignment as may be reasonably required by Sublessor in any proceeding for the recovery of damages that may be recovered in such proceeding. It is agreed and understood, however, the Sublessor does not reserve to itself, and Sublessee does not assign to Sublessor, any damages payable for movable trade fixtures installed by Sublessee or anybody claiming under Sublessee at its own cost and expense.

ARTICLE 18

DEFAULT

18.1. If Sublessee shall default in the payment of rent or other payments required of Sublessee, and if Sublessee shall fail to cure said default within seven (7) business days after receipt of written notice of said default from Sublessor; or if Sublessee shall default in the performance or observance of any other agreement or condition on its part to be performed or observed, and if Sublessee shall fail to cure said default within fifteen (15) business days after receipt of written notice of said default from Sublessor; or if any person shall levy upon, or take this leasehold interest or any part hereof, upon execution, attachment, or their process of law; or if Sublessee shall make an assignment of its property for the benefit of creditors; or if Sublessee shall file voluntary bankruptcy; or if any bankruptcy or insolvency proceedings shall be commenced by Sublessee or an involuntary bankruptcy shall be filed against the Sublessee which remains undischarged for a period of 60 days, or if a receiver, trustee, or assignee shall be appointed for the whole or any part of the Sublessee's property, then in any of said cases, Sublessor lawfully may upon seven days notice or if such notice shall adversely affect the rights of the Sublessor in any bankruptcy or receivership, then immediately, or at any time thereafter, and without further notice of demand, enter into and upon the Subleased Premises, or any part hereof in the name of the whole, and hold the Subleased Premises as if this Sublease had not been made, and expel Sublessee and those claiming under it, and remove its or their property without being taken or deemed to be guilty of any manner of trespass (or Sublessor may send written notice to Sublessee of the termination of this Sublease, and upon entry as aforesaid (or in the event that Sublessor shall send to Sublessee notice of termination as above provided, on the fifth (5th) day next following the date of the sending of the notice), the term of this Sublease shall terminate. Sublessee hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Sublessee being evicted or dispossessed for any cause, or in the event Sublessor terminates this Sublease as provided in this Article. The Sublessee shall be liable for a 5% late fee applicable to any amounts due under this Sublease, from the due date of such payment.

18.2. In the case of such termination, Sublessee will indemnify Sublessor each month against all loss of rent, and all obligations which Sublessor may incur by reasons of any such termination, between the time of termination and the expiration of the term of this Sublease; or at the election

of Sublessor, exercised at the time of the termination or at any time thereafter, Sublessee will indemnify Sublessor, each month until the exercise of the election, against all loss of rent and other obligations which Sublessor may incur by reason of such termination, during the period between the time of the termination and the exercise of the election, and upon the exercise of the election Sublessee will pay to Sublessor as damages such amount as at the time of the exercise of the election represents the amount by which the rental value of the leased Premises for the period from the exercise of the election until the expiration of the term shall be less than the amount of rent and other payments provided herein to be paid by Sublessee to Sublessor during said period. It is understood and agreed that at the time of the termination, or at any time thereafter, the Sublessor shall diligently perform the legal obligation to relet the premises for a term which may expire after the expiration of the term of this Sublease, without releasing Sublessee from any liability whatsoever, only for the term of this Sublease, but not for the longer re-let term. The Sublessee shall be liable for any expenses incurred by Sublessor in connection with obtaining possession of the Subleased Premises, with removing from the Subleased Premises property of Sublessee and persons claiming under it (including warehouse charges), with putting the Subleased Premises into a condition reletting similar to its condition at the commencement of this lease, reasonable wear and tear excepted, and with any reletting, including, but without limitation, reasonable attorneys' fees and brokers' fees, and that any monies collected from any reletting shall be applied first to the foregoing expenses and then to the payment of rent and all other payments due from Sublessee to Sublessor. The Sublessor shall, commensurate with any demand for payment of any of the above as to expenses or rent, provide the Sublessee with an itemization of all such items as a condition to the Sublessee's obligations to make payment.

ARTICLE 19

SUBORDINATION TO MORTGAGES

Sublessee agrees that upon the request of Sublessor it will subordinate this Sublease and the lien hereof to the lien of any present or future mortgage or mortgages upon the Subleased Premises, any property of which the Subleased Premises are a part, or upon any ground lease of such property or upon any part thereof, irrespective of the time of execution or time of recording of any sub mortgage or mortgages. Sublessee agrees that it will, upon the request of Sublessor, execute, acknowledge and deliver any and all instruments deemed by Sublessor necessary or desirable to give effect or notice of such subordination. Sublessee also agrees that if it shall fail at any time to execute, acknowledge, or deliver any instrument requested by Sublessor under this Article, Sublessor may, only after seven (7) days notice to the Sublessee, in addition to any other remedies available to it, execute, acknowledge, and deliver such instrument as the attorney in fact of Sublessee and in Sublessee's name, and Sublessee hereby makes, constitutes, and irrevocably appoints Sublessor as its attorney in fact for that purpose. The word "mortgage" as used herein includes mortgages, deeds of trust, or other similar instruments and modifications, consolidations, extensions, renewals, replacements and substitutes thereof. At the request of the holder of any mortgage upon the Subleased Premises or any property of which the Subleased Premises is a part may subordinate the lien of such mortgage to this Sublease, thereby making this Sublease superior to such mortgage, by recording in the Rockingham County Registry of Deeds, a Notice of Subordination or other document of like effect, executed unilaterally by such mortgage. Whether the lien of any mortgage are a part shall be superior or subordinate to this Sublease and the lien hereof, Sublessee agrees that , if requested by Sublessor or the holder of such mortgage, it will attorn to the holder of such mortgage or anyone claiming under such holder and their respective

successors and assigns in the event of foreclosure of or similar action taken under such mortgage.

ARTICLE 20

CERTIFICATE

Within ten (10) days after written request therefor by Sublessor, Sublessee agrees to deliver to Sublessor or to any mortgagee a certificate stating (if such be the case) that Sublessee has entered into occupancy of the Subleased Premises in accordance with the provisions of this Sublease, that this Sublease is in full force and effect (if such be the case), that Sublessor has performed the construction required of Sublessor, and any other information reasonably requested.

ARTICLE 21

DELEGATION, ASSIGNMENT, SUBLEASES, MORTGAGE

21.1. Delegation. Sublessee shall not have the right to delegate any of its responsibilities or obligations under this Sublease.

21.2. Assignment. Sublessee may, without the approval of Sublessor, assign its rights under this Sublease to a related corporation as long as Sublessee retains at least fifty-one percent (51%) controlling interest in such related corporation. All other assignments shall be subject to approval of Sublessor and PDA, which approval shall not be withheld unreasonably.

21.3. Subleases. Sublessee may not enter into any sublease of the Subleased Premises without Sublessor's prior written approval. Any request for Sublessor's approval shall be made at least forty-five (45) days prior to the commencement of such tenancy and shall provide detailed information concerning the identity and financial condition of the proposed sublessee and the terms and conditions of the proposed sublease. Sublessor shall not unreasonably withhold its consent to such sublease if: (1) the use of the Subleased Premises associated with any sublease(s) is permitted under Article 8, (2) the sublease(s) are consistent with the terms and conditions of this Sublease and the Primary Sublease; provided, however, that Sublessee may rent the subleased area at rentals deemed appropriate by Sublessee, (3) Sublessee remains primarily liable to Sublessor to pay rent and to perform all other obligations to be performed by Sublessee under this Sublease, (4) the proposed sublessee is financially and operationally responsible and (5) PDA has given its approval to the proposed sublease. [In the event the rent for the Subleased Premises exceeds the rental charged to Sublessee under Article 4, Sublessee shall remit sixty percent (60%) of such excess to Sublessor upon receipt by Sublessee; provided, however, that any rental received by Sublessee during a period in which no rental is due to Sublessor shall be paid in its entirety to Sublessor.]

21.4. Continuing Liability of Sublessee. No subletting, assignment or transfer, whether Sublessor's consent is required or otherwise given hereunder, shall release Sublessee's obligations or alter the primary liability of Sublessee to pay the rent and to perform all other obligations to be performed by Sublessee hereunder. The acceptance of rent by Sublessor from any other person shall not be deemed to be a waiver by Sublessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. If any assignee of Sublessee or any successor of Sublessee defaults in the performance of any of

the terms hereof, Sublessor may proceed directly against Sublessee without the necessity of exhausting remedies against such assignee or successor. If Sublessee assigns this Sublease, or sublets all or a portion of the Subleased Premises, or requests the consent of Sublessor to any assignment or subletting, or if Sublessee requests the consent of Sublessor for any act that Sublessee proposes to do, then Sublessee shall pay Sublessor's reasonable processing fee and reimburse Sublessor for all reasonable attorneys' fees incurred in connection therewith. Any assignment or subletting of the Subleased Premises that is not in compliance with the provisions of this Article XXI shall be void and shall, at the option of Sublessor, terminate this Sublease.

21.5. Notwithstanding any other provision of this Sublease, any assignment or sublease shall comply with the provision of Article XXII including the notice requirements of Condition 10.8 of the FFA (as that term is defined in Section 22.8) and the terms and conditions of the Primary Sublease.

21.6. Mortgages. Except as otherwise expressly agreed to by PDA in writing, Sublessee shall not have the right to engage in any financing or other transaction creating any mortgage upon the Subleased Premises. Any approval of PDA shall be expressly subject to the provisions of the Primary Sublease and any applicable terms and conditions of the Deed.

ARTICLE 22

ENVIRONMENTAL PROTECTION

22.1. Sublessee and any sublessee or assignee of Sublessee shall comply with all federal, state, and local laws, regulations, and standards that are or may become applicable to Sublessee's or Sublessee's or assignee's activities at the Subleased Premises, including but not limited to, the applicable environmental laws and regulations identified in Exhibit 7, as amended from time to time.

22.2. Sublessee and any sublessee or assignee of Sublessee shall be solely responsible for obtaining at their cost and expense any environmental permits required for their operations under this Sublease or any sublease or assignment, independent of any existing Airport permits.

22.3. Sublessee shall indemnify, defend and hold harmless Sublessor, PDA and the Air Force against and from all claims, judgments, damages, penalties, fines, costs and expenses, liabilities and losses (including, without limitation, diminution in value of the Premises, damages for the loss or restriction on the use of the Premises, and sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees), resulting or arising from discharges, emissions, spills, releases, storage, or disposal of any Hazardous Substances, or any other action by the Sublessee, or any sublessee or assignee of the Sublessee, giving rise to Sublessor or PDA or Air Force liability, civil or criminal, or responsibility under federal, state or local environmental laws.

This indemnification of Sublessor and PDA and the Air Force by Sublessee includes, without limitation, any and all claims, judgment, damages, penalties, fines, costs and expenses, liabilities and losses incurred by Sublessor or PDA or the Air Force in connection with any investigation of site conditions, or any remedial or removal action or other site restoration work required by any federal, state or local governmental unit or other person for or pertaining to any

discharges, emissions, spills, releases, storage or disposal of Hazardous Substances arising or resulting from any act or omission of the Sublessee or any sublessee or assignee of the Sublessee at the Subleased Premises after the Occupancy Date. "Occupancy Date" as used herein shall mean the earlier of the first day of Sublessee's occupancy or use of the Subleased Premises or the date of execution of this Sublease. "Occupancy" or "Use" shall mean any activity or presence including preparation and construction in or upon the Subleased Premises.

The provisions of this Section shall survive the expiration or termination of the Sublease, and the Sublessee's obligations hereunder shall apply whenever the Sublessor or the Air Force incurs costs or liabilities for the Sublessee's actions of the types described in this Article.

22.4. Notwithstanding any other provision of this Sublease, Sublessee and its sublessees and assignees do not assume any liability or responsibility for environmental impacts and damage caused by the use by the Air Force of Hazardous Substances on any portion of the Airport, including the Subleased Premises. The Sublessee and its sublessees and assignees have no obligation to undertake the defense, remediation and cleanup, including the liability and responsibility for the costs of damages, penalties, legal and investigative services solely arising out of any claim or action in existence now, or which may be brought in the future by any person, including governmental units against the Air Force, because of any use of, or release from, any portion of the Airport (including the Subleased Premises) of any Hazardous Substances prior to the Occupancy Date.

22.5. As used in this Sublease, 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 a "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 Part Hc. P 1905 ("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").

As used in this Sublease, 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.

22.6. Sublessor's rights under this Sublease and PDA's rights under the Primary Sublease specifically include the right for Sublessor and PDA to inspect the Subleased Premises and any buildings or other facilities thereon for compliance with environmental, safety, and occupational health laws and regulations, whether or not the Sublessor or PDA is responsible for enforcing them. Such inspections are without prejudice to the right of duly constituted enforcement officials

to make such inspections.

22.7. Notwithstanding any other provision of this Sublease and pursuant to the Primary Sublease, PDA is not responsible for any removal or containment of asbestos. If Sublessee and any sublessee or assignee intend to make any improvements or repairs that require the removal of asbestos, an appropriate asbestos disposal plan must be incorporated in the plans and specifications. The asbestos disposal plan shall identify the proposed disposal site for the asbestos. In addition, non-friable asbestos which becomes friable through or as a consequence of the activities of Sublessee will be abated by Sublessee at its sole cost and expense. The Sublessor hereby certifies that the leased premises and the building containing the leased premises are free of any asbestos materials.

22.8. Sublessor and Sublessee acknowledge that the Airport has been identified as a National Priority List (NPL) Site under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) of 1980, as amended. Sublessee acknowledges that Sublessor has provided it with a copy of the Pease Federal Facility Agreement ("FFA") entered into by EPA, and the Air Force on April 24, 1991, and Modification No. 1 thereto, effective March 18, 1993, agrees that it will comply with the terms of the FFA to the extent the same may be applicable to the Subleased Premises and that should any conflict arise between the terms of the FFA and the provisions of this Sublease, the terms of the FFA will take precedence. The Sublessee further agrees that the Sublessor and PDA assume no liability to the Sublessee or any sublessee or assignee of Sublessee should implementation of the FFA interfere with their use of the Subleased Premises. The Sublessee and its sublessee(s) and assignee(s) shall have no claim on account of any such interference against the Sublessor, or PDA or any officer, agent, employee or contractor thereof, other than a claim to Sublessor for abatement of rent.

Pursuant to its obligations under Federal law, the Parties hereto acknowledge receipt of the "Notices and Covenants Related to Section 120(h)(3) of CERCLA, as amended. The notice and a description of remedial action by the Air Force are set forth in Paragraph VI of the Deed.

22.9. The Air Force, EPA, and NHDES and their officers, agents, employees, contractors, and subcontractors have the right, upon reasonable notice to the Sublessee and any sublessee or assignee, to enter upon the Subleased Premises for the purposes enumerated in this subparagraph and for such other purposes consistent with the FFA:

(1) to conduct investigations and surveys, including, where necessary, drilling, testpitting, borings and other activities related to the Pease Installation Restoration Program ("IRP") or the FFA (the term IRP as used herein refers to the broad Department of Defense-wide program to identify, investigate and clean ups contaminated areas on military installations as described in the Department of Defense Instruction Number 4715.7;

(2) to inspect field activities of the Air Force and its contractors and subcontractors in implementing the IRP or the FFA;

(3) to conduct any test or survey required by the EPA or NHDES relating to the implementation of the FFA or environmental conditions at the Subleased Premises or to verify any data submitted to the EPA or NHDES by the Air Force relating to such conditions;

(4) to construct, operate, maintain or undertake any other response or remedial action as required or necessary under the IRP or the FFA, including, but not limited to monitoring wells, pumping wells and treatment facilities.

22.10. Sublessee and its sublessees and assignees agree to comply with the provisions of any health or safety plan in effect under the IRP or the FFA during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action will, to the extent practicable, be coordinated with representatives designated by the Sublessee and any sublessee or assignee. Sublessee and any sublessee or assignee shall have no claim on account of such entries against the State as defined in FFA or any officer, agent, employee, contractor, or subcontractor thereof.

Sublessor and its sublessees and assignees agree to comply with the provisions of the "Environmental Use Restrictive Covenants" set forth in Paragraph VI.B of the Deed. It is the intent of the Air Force and the PDA that the Environmental Use Restrictions bind Sublessor and its sublessees and assignees, and that the Air Force reserves to itself the enforcement of this restrictive covenant against Sublessor and its sublessees hereunder.

22.11. Sublessee further agrees that in the event of any authorized sublease or assignment of the Subleased Premises, it shall provide to the Air Force, EPA and NHDES by certified mail a copy of the agreement of sublease or assignment of the Subleased Premises within fourteen (14) days after the effective date of such transaction. Sublessee may delete the financial terms and any other proprietary information from any sublease or assignment submitted to the above mentioned entities.

22.12. The Airport air emissions offsets and Air Force accumulation points for hazardous and other wastes will not be made available to Sublessee. Sublessee shall be responsible for obtaining from some other source(s) any air pollution credits that may be required to offset emissions resulting from its activities under the Sublease.

22.13. Any permit required under Hazardous Substance Laws for the management of Hazardous Substances stored or generated by Sublessee or any sublessee or assignee of Sublessee shall be obtained by Sublessee or its sublessees or assignee and shall be limited to generation and transportation. Any violation of this requirement shall be deemed a material breach of this Sublease. Sublessee shall provide at its own expense such hazardous waste storage facilities, complying with all laws and regulations, as it needs for management of its hazardous waste.

22.14. Sublessee, and any sublessee or assignee of Sublessee whose operations utilize Hazardous Substances, shall have a completed and approved plan for responding to Hazardous Substances spills prior to commencement of operations on the Subleased Premises. Such plan shall comply with changes in site conditions or applicable requirements and shall be updated from time to time, as may be required to comply with changes in site conditions or applicable requirements and shall be approved by agencies having regulatory jurisdiction over such plan. Such plan shall be independent of, but not inconsistent with, any plan or other standard of PDA applicable to the Airport and except for initial fire response and/or spill containment, shall not rely on use of the Airport or Sublessor personnel or equipment. Should the Sublessor provide any personnel or

equipment, whether for initial fire response and/or spill containment or otherwise, on request of the Sublessee, or because the Sublessee was not, in the opinion of Sublessor, conducting timely cleanup actions, the Sublessee agrees to reimburse the Sublessor for its costs.

22.15. Sublessee, and any sublessee or assignee of Sublessee, must maintain and make available to PDA, the Air Force, EPA and NHDES all records, inspections logs, and manifests that track the generation, handling, storage, treatment and disposal of hazardous waste, as well as all other records required by applicable laws and requirements. PDA and the Air Force reserve the right to inspect the Subleased Premises and Sublessee's, its sublessee's or assignee's records for compliance with Federal, State, local laws, regulations, and other requirements relating to the generation, handling, storage, treatment and disposal of hazardous waste, as well as the discharge or release of hazardous substances. Violations may be reported by PDA and the Air Force to appropriate regulatory agencies, as required by applicable law. The Sublessee, its sublessees or assignees shall be liable for the payment of any fines and penalties or costs which may accrue to the United States of America or PDA as a result of the actions of Sublessee, its sublessees or assignees, respectively.

22.16 Prior to the storage, mixing, or application of any pesticide, as that term is defined under the Federal Insecticide, Fungicide, and Rodenticide Act, the Sublessee, its sublessees and assignees shall prepare a plan for storage, mixing and application of pesticides ("Pesticide Management Plan"). The Pesticide Management Plan shall be sufficient to meet all applicable Federal, State and local pesticide requirements. The Sublessee, its sublessees and assignees shall store, mix and apply all pesticides within the Subleased Premises only in strict compliance with the Pesticide Management Plan. The pesticides will only be applied by a licensed applicator.

22.17 The Sublessee, its sublessees and assignees must notify the Sublessor and the Site Manager of its intent to possess, store, or use any licensed or licensable source or byproduct materials, as those terms are defined under the Atomic Energy Act and its implementing regulations; of Sublessee's, its sublessees and assignees intent to possess, use or store radium; and of Sublessee's, its sublessees and assignees intent to possess or use any equipment producing ionizing radiation and subject to specific licensing requirements or other individual regulations, at least sixty (60) days prior to the entry of such materials or equipment upon the Airport. Upon notification, the Sublessor and the Site Manager may impose such requirements, including prohibition of possession, use, or storage, as deemed necessary to adequately protect health and human environment. Thereafter, the Sublessee must notify the Sublessor and the Site Manager of the presence of all licensed or licensable source or other byproduct materials, of the presence of all radium, and of the presence of all equipment producing ionizing radiation and subject to specific licensing requirements or other individual regulation; provided, however, that the Sublessee, its sublessees and assignees need not make either of the above notifications to the Sublessor and the Site Manager with respect to source and byproduct material which is exempt from regulation under the Atomic Energy Act. The Sublessee shall not, under any circumstances, use, own, possess or allow the presence of special nuclear material on the Subleased Premises.

ARTICLE 23

HOLDING OVER

Holding Over. Any holding over by Sublessee after the expiration of the Term of this Sublease shall be treated as a daily tenancy at sufferance at a rate equal to the then fair rental value of the Subleased Premises but in no event less twice the sum of (i) Basic Rent and (ii) Additional Rent in effect on the expiration date. Sublessee shall also pay to Sublessor all damages, direct and/or indirect (including any loss of a Sublessee or rental income), sustained by reason of any such holding over. Otherwise, such holding over shall be on the terms and conditions set forth in this Sublease as far as applicable. The Sublessor may, but shall not be required to, and only on written notice to Sublessee after the expiration of the Term hereof, elect to treat such holding over as an extension of the Term of this Sublease for a period of up to one (1) year, as designated by Sublessor, such extension to be on the terms and conditions set forth in this Section.

ARTICLE 24

WAIVERS

Failure of Sublessor to complain of any act or omission on the part of Sublessee, no matter how long the same may continue, shall not be deemed to be a waiver by Sublessor of any of its rights hereunder. No waiver by Sublessor at any time, express or implied, or any breach of any provision of this Sublease shall be deemed a waiver of a breach of any other provision of this Sublease or a consent of any subsequent breach of the same or any other provision. If any action by Sublessee shall require Sublessor's consent or approval, Sublessor's consent to or approval of such action on any one occasion shall not be deemed a consent to or approval of said action on any subsequent occasion or a consent to or approval of any other action on the same or any subsequent occasion. No payment by Sublessee or acceptance by Sublessor of a lesser amount than shall be due from Sublessee to Sublessor shall be deemed to be anything but payment on account, and the acceptance by Sublessor of a check for a lesser amount with an endorsement or statement thereon, or upon letter accompanying said check that said lesser amount is payment in full, shall not be deemed an accord and satisfaction, and Sublessor may accept said check without prejudice to recover the balance due or pursue any other remedy. Any and all rights and remedies which Sublessor may have under this Sublease or by operation of law, either at law or in equity, upon any breach, shall be distinct, separate and cumulative, and shall not be deemed inconsistent with each other; and no one of them, whether exercised by Sublessor or not, shall be deemed to be in exclusion of any other; and any two or more of all such rights and remedies may be exercised at the same time.

ARTICLE 25

QUIET ENJOYMENT

Sublessor agrees that upon Sublessee's paying the rent and performing and observing the agreements, conditions and other provisions on its part to be performed and observed, Sublessee shall and may peaceably and quietly have, hold, and enjoy the Subleased Premises during the term of this Sublease without any manner of hindrance or molestation from Sublessor or anyone claiming under Sublessor, subject, however, to the terms of this Sublease and any instruments

having a prior lien.

ARTICLE 26

FAILURE OF PERFORMANCE

If Sublessee shall default in the performance or observance of any agreement or condition of this Sublease contained on its part to be performed or observed, other than an obligation to pay money, and shall not cure such default within fifteen (15) days after written notice from Sublessor specifying the default (or shall not within said period commence to cure such default and thereafter prosecute the curing of such default to completion with due diligence), Sublessor may, at its option, without waiving any claim for damages for breach of agreement, at any time thereafter cure such default for the account of Sublessee, and any amount paid or any contractual liability incurred by Sublessor in so doing shall be deemed paid or incurred for the account of Sublessee, and Sublessee agrees to reimburse Sublessor therefor or save Sublessor harmless therefrom; provided that Sublessor may cure any such default as aforesaid prior to the expiration of said waiting period after notice to Sublessee, if the curing of such default prior to the expiration of said waiting period is reasonably necessary to protect the real estate or Sublessor's interest therein, or to prevent injury or damage to persons or property. If Sublessee shall fail to reimburse Sublessor upon demand for any amount paid for the account of Sublessee hereunder, said amount, plus interest therefrom from the date of Sublessor's demand at the Lease Interest Rate, shall be added to and become due as a part of the next payment of rent due hereunder.

ARTICLE 27

INTERPRETATIONS

27.1. This instrument contains the entire and only agreement between the parties, and no oral statements or representations or prior written matter not contained in this instrument shall have any force or effect. This Sublease shall not be modified in any way except by a writing subscribed by both parties.

27.2. Wherever in this Sublease it is provided that the consent or approval of either party must be obtained in order to authorize any act or course of conduct by the other party, the party whose consent or approval is necessary may grant or withhold said consent or approval, except where expressly provided to the contrary in this Sublease, at its sole and absolute discretion and with or without explanation of the reason or reasons for granting or withholding the same.

27.3. In the event of a breach of this Sublease by either party, the prevailing party shall be entitled to reasonable attorneys fees and costs.

27.4. This Sublease shall be governed by the laws of the State of New Hampshire.

ARTICLE 28

NOTICES

All notices and other communications authorized or required hereunder shall be in writing and shall be given by mailing the same certified or registered mail, return receipt requested, postage prepaid, or first class mail, postage prepaid or by mailing the same by Express Mail or by having the same delivered by a commercial delivery service to the following address:

If to Sublessor: 222 International, Limited Partnership
 c/o CPManagement, Inc.
 11 Court Street, Suite 100
 Exeter, NH 03833

If to Sublessee: Speedpro Imaging of Portsmouth
 Attn: _____
 222 International Drive, Suite 135
 Portsmouth, NH 03801

ARTICLE 29

DISPUTES AND LITIGATION

29.1. Except as provided below: In the event of a dispute between the parties, it shall be a condition precedent to the initiation of any formal litigation in a court of competent jurisdiction that the parties shall have meet face to face in a good faith effort to resolve the dispute directly between them. In the event that they are unsuccessful, each party agrees to submit the dispute to alternative dispute resolution, initially by mediation, and the parties shall equally share the expense of such mediation.

In the event that mediation is unsuccessful, the parties shall then submit the dispute to arbitration (binding if the parties agree) in accordance with the Rules of the American Arbitration Association. In the event that arbitration fails, and provided that the parties have participated in the alternative dispute resolution, provisions hereof in good faith, the aggrieved party may then commence litigation.

29.2. The foregoing alternative dispute resolution provisions shall not apply in the event that either party reasonably requires immediate ex parte and/or injunctive relief from a Court of competent jurisdiction.

ARTICLE 30

MISCELLANEOUS

30.1. Any actions or proceedings with respect to any matters arising under or growing out of this Sublease shall be instituted and prosecuted only in the courts located in the State of New Hampshire. Nothing contained in this Article or any other provision of this Sublease shall be deemed to constitute a waiver of the sovereign immunity of the State of New Hampshire, which immunity is hereby reserved to PDA and to the State of New Hampshire.

30.2. Sublessee shall faithfully observe and comply with such rules and regulations as the PDA may adopt for the operation of the Airport and such rules and regulations as Sublessor may adopt for the operation of the building and lot of which the Subleased Premises are a part, which rules and regulations are reasonable and nondiscriminatory as well as all modifications thereof and additions thereto. PDA shall not be responsible to Sublessee for the violation or nonperformance by any other Sublessee of the PDA of such airport rules and regulations, and Sublessor shall not be responsible to Sublessee for the violation or nonperformance by any other Sublessee of Sublessor of any of such rules and regulations pertaining to the building and the lot of which the Subleased Premises are a part.

30.3. Sublessee agrees to conform to such additional provisions required, from time to time, by the FAA ("FAA Requirements") or its successor with respect to the operation of the Airport, or a portion thereof. The current FAA Requirements are attached hereto as Exhibit 9 and incorporated herein by reference.

30.4. This Sublease is subject and subordinate to any agreements heretofore or hereafter made between PDA and the United States or the Air Force, the execution of which is required to enable or permit transfer of rights or property to PDA for airport purposes or expenditure of federal grant funds for airport improvement, maintenance or development, including, without limitation, the Quitclaim Deed dated October 15, 2003 and the FFA. Sublessee shall abide by requirements of any agreement between PDA and the United States or the Air Force applicable to the Subleased Premises or Sublessee's activities at the Airport and shall consent to amendments and modifications of this Sublease if required by such agreements or as a condition of PDA's entry into such agreements.

This Sublease is further subject and subordinate to the Primary Sublease between PDA and Sublessor, and Sublessee shall abide by the provisions of the Primary Sublease applicable to the Subleased Premises or Sublessee's activities at the Airport and shall consent to amendments and modifications of this Sublease if required by the Primary Sublease.

30.5. Sublessee acknowledges that PDA, in its sole discretion, shall determine and may from time to time change the routes of surface ingress and egress connecting the Subleased Premises. PDA also reserves the right to further develop the Airport, or such portion of the Airport as is owned or controlled by PDA, as it sees fit, regardless of the desires or views of Sublessee and without interference or hindrance.

30.6. The Sublessee herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through it, that this Sublease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Premises herein leased nor shall the Sublessee, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Subleased Premises herein leased.

30.7. All obligations of Sublessee to indemnify, defend and hold harmless Sublessor, PDA and the Air Force and to make any monetary payment to Sublessor, PDA and the Air Force shall survive the termination or expiration of this Sublease.

30.8. Sublessor's Liability. (a) With respect to any services or utilities to be furnished by Sublessor to Sublessee, Sublessor shall in no event be liable for failure to furnish the same when prevented from doing so by force, major strike, lockout, breakdown, accident, order or regulation of or by any governmental authority, or failure of supply, or inability by the exercise of reasonable diligence to obtain supplies, parts or employees necessary to furnish such services, or because of war or other emergency, or for any cause beyond Sublessor's reasonable control, or for any cause due to any act or neglect of Sublessee or Sublessee's servants, agents, employees, licensees or any person claiming by, through or under Sublessee; nor shall any such failure give rise to any claim in Sublessee's favor that Sublessee has been evicted, either constructively or actually, partially or wholly.

(b) In no event shall Sublessor ever be liable to Sublessee for any loss of business or any other indirect or consequential damages suffered by Sublessee from whatever cause.

(c) With respect to any repairs or restoration which are required or permitted to be made by Sublessor, the same may be made during normal business hours and Sublessor shall have no liability for damages to Sublessee for inconvenience, annoyance or interruption of business arising therefrom.

30.9. Rules and Regulations. Sublessee shall abide by rules and regulations set forth in Exhibit 11 attached hereto and those rules and regulations from time to time established by Sublessor, it being agreed that such rules and regulations will be established and applied by Sublessor in a non-discriminatory fashion, such that all rules and regulations shall be generally applicable to other sublessees of the Building of similar nature to the Sublessee named herein. Sublessor agrees to use reasonable efforts to insure that any such rules and regulations are uniformly enforced, but Sublessor shall not be liable to Sublessee for violation of the same by any other Sublessee or occupant of the Building, or persons having business with them. In the event that there shall be any conflict between such rules and regulations and the provisions of this Sublease, the provisions of this Sublease shall control.

30.10. Additional Charges. If Sublessee shall fail to pay when due any sums under this Sublease designated or payable as an additional charge, Sublessor shall have the same rights and remedies as Sublessor has hereunder for failure to pay Basic Rent.

30.11. Brokerage. Sublessee warrants and represents that Sublessee has dealt with no broker in connection with the consummation of this Sublease other than (None) (the Broker") and, in the event of any brokerage claims against Sublessor predicated upon prior dealings with Sublessee, Sublessee agrees to defend the same and indemnify Sublessor against any such claim (except any claim by the Broker).

30.12. Early Termination. Sublessee shall have a one-time right to terminate this Sublease effective as of 11:59 p.m. on the last day of the 61st month of the Initial Term (the "Early Termination Date"), provided that (a) Sublessee provides Sublessor with written notice of its

election to terminate no later than nine (9) months prior to the Early Termination Date, and (b) Sublessee pays to Sublessor, on or before the Early Termination Date, a "Termination Fee" of in good funds. If Sublessee fails to timely exercise its termination right in accordance with this Section, this Sublease shall continue in full force and effect, and Sublessee shall have no further rights to exercise the termination right. In the event of any such termination, Sublessee shall remain liable for any obligations or expenses arising or accruing hereunder prior to the Early Termination Date.

31.12 Existing Lease. The parties acknowledge that this Sublease is contingent upon the early termination of the existing lease between Sublessor and Sublessee for the Subleased Premises at 195 New Hampshire, Suite 100 Sublease dated November 10, 2010.

EXECUTION

IN WITNESS WHEREOF, Sublessor and Sublessee have executed this Sublease effective as of the ___ day of _____, 20__.

**222 INTERNATIONAL, LIMITED
PARTNERSHIP**

By: _____
Its: Co-Manager
"Sublessor"

SPEEDPRO IMAGING OF PORTSMOUTH

By: _____
Its: _____
"Sublessee"

STATE OF NEW HAMPSHIRE

: ss.

COUNTY OF []

On this ___ day of _____, 20__, 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 ___ Co-Manager of 222 International, Limited Partnership, and on oath stated that he was authorized to execute this instrument and acknowledged it to be his free and voluntary act for the uses and purposes set forth herein.

Notary Public in and for said County and State

STATE OF []

: ss.

COUNTY OF []

On this ___ day of _____, 20__, 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 [_____] and on oath stated that he was authorized to execute this instrument and acknowledged it to be his free and voluntary act for the uses and purposes set forth herein.

Notary Public in and for said County and State

EXHIBIT 1

PRIMARY SUBLEASE

EXHIBIT 2

(INTENTIONALLY OMITTED)

EXHIBIT 3

QUITCLAIM DEED OF THE UNITED STATES OF AMERICA

ACTING BY AND THROUGH THE US AIR FORCE

EXHIBIT 4

FEDERAL FACILITIES AGREEMENT

EXHIBIT 5

PLANS DESIGNATING THE SUBLEASED PREMISES

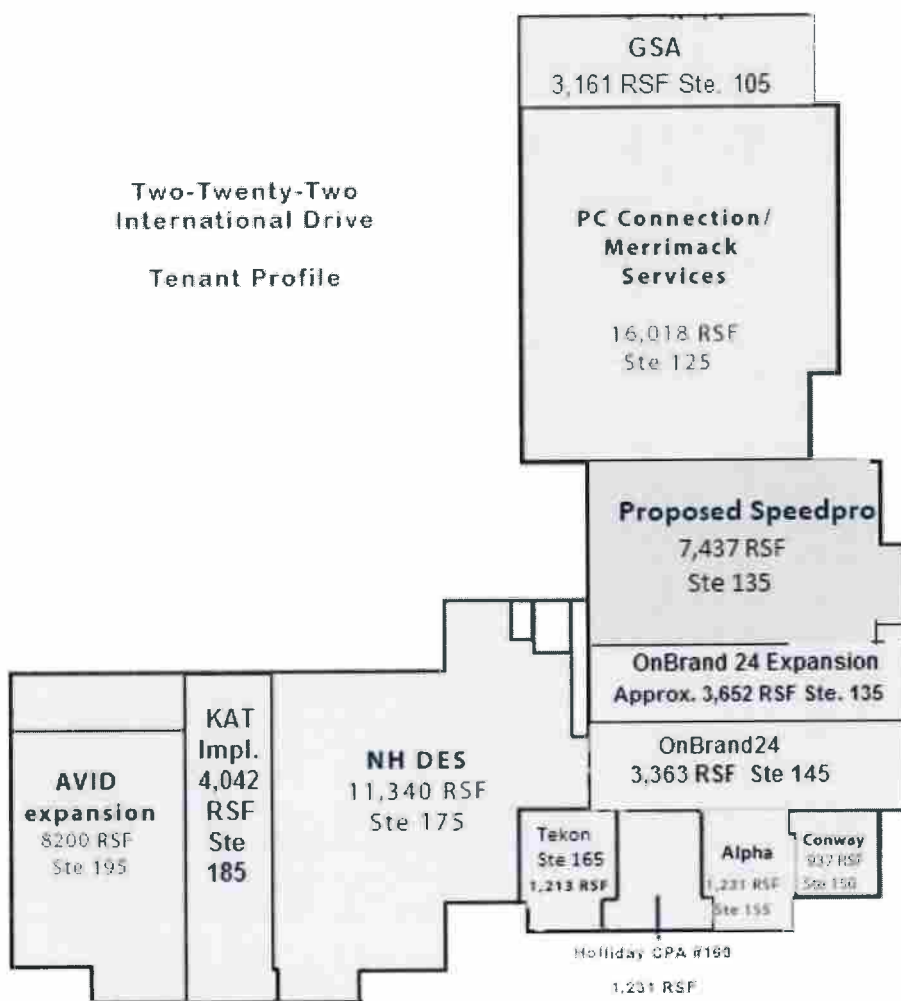


EXHIBIT 6
ALTERATIONS

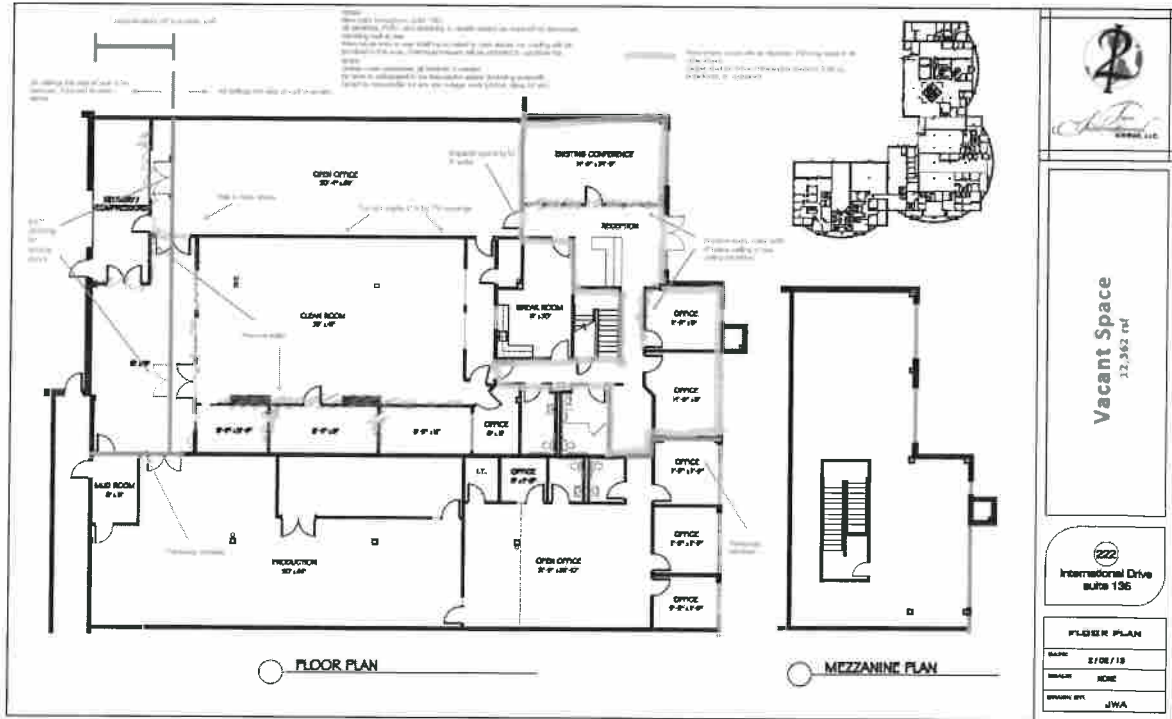


EXHIBIT 7

LIST OF ENVIRONMENTAL LAWS AND REGULATIONS

- Air Quality:
- (a) Clean Air Act & Amendments, 42 U.S.C. 7401-7642
 - (b) 40 CFR Parts 50-52, 61, 62, 65-67, 81
 - (c) RSA ch. 125-C, Air Pollution Control, and rules adopted thereunder
 - (d) RSA ch. 125-H, Air Toxic Control Act, and rules adopted thereunder
- Hazardous Materials:
- (a) Hazardous Materials Transportation Act', 49 U.S.C. 1801-1813, and Department of Transportation Regulations thereunder
 - (b) Emergency Planning and Community Right-To-Know Act, 42 U.S.C. 11001-11050
 - (c) 49 CFR Parts 100-179
 - (d) 40 CFR Part 302
 - (e) RSA ch. 277-A, Toxic Substances in the Workplace, and rules adopted thereunder
- Hazardous Waste:
- (a) Resource Conservation and Recovery Act (RCRA) of 1976 and RCRA Amendments of 1984, 42 U.S.C. 6901-6991i
 - (b) Comprehensive Environmental Response,, Compensation, and Liability Act (CERCLA) of 1980, as amended, 42 U.S.C. 9601-9675
 - (c) 40 CFR Parts 260-271, 300, 302
 - (d) RSA ch. 147-A, Hazardous Waste Management and rules adopted thereunder
- Water Quality:
- (a) Federal Water Pollution Control Act (Clean Water Act) and Amendments, 33 U.S.C. 1251-1387
 - (b) Safe Drinking Water Act, as amended, 42 U.S.C. 300f-300j-26
40 CFR Title 100-143, 401 and 403
 - (c) RSA ch. 146-A, Oil Spillage in Public Waters, and rules adopted thereunder
 - (d) RSA ch. 485, New Hampshire Safe Drinking Water Act, and rules adopted thereunder
 - (e) RSA ch. 485-A, Pollution and Waste Disposal, and rules adopted thereunder

EXHIBIT 8

CERTIFICATE OF GOOD STANDING
TO BE PROVIDED BY SUBLESSEE

EXHIBIT 9

SUBLEASE PROVISIONS REQUIRED BY
THE FEDERAL AVIATION ADMINISTRATION

1. Sublessee, for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby agree that in the event facilities are constructed, maintained, or otherwise operated on the Subleased Premises, for a purpose for which a United States Department of Transportation ("DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, Sublessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
2. Sublessee, for himself, his personal representative, successors in interest, and assigns, as a part of the consideration hereof, does hereby agree that: (i) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of said facilities; (ii) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination; and (iii) that the Sublessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulation may be amended.
3. That in the event of breach of any of the above nondiscrimination covenants, Sublessor shall have the right to terminate the Sublease, and to reenter and repossess said land and the facilities thereon, and hold the same as if said lease, had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are allowed and completed including expiration of appeal rights.
4. Sublessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; PROVIDED THAT the Sublessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.
5. Non-compliance with Provision 4 above shall constitute a material breach thereof and in the event of such noncompliance Sublessor shall have the right to terminate this Sublease, and the estate hereby created without liability therefore or at the election of the Sublessor or the United States either or both of Sublessor or the United States shall have the right to judicially enforce provisions.
6. Sublessee agrees that it shall insert the above five provisions in any lease agreement, by which said Sublessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Subleased Premises.
7. Sublessee assures that it will undertake an affirmative action program as required by 14 CFR Part

152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Sublessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Sublessee assures that it will require that its covered suborganizations provide assurance to the Sublessor, that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

8. Sublessor reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of the Sublessee and without interference or hindrance.

9. Sublessor reserves the right, but shall not be obligated to the Sublessee to maintain and keep in repair the landing area of the airport and all publicly-owned facilities of the airport, together with the right to direct and control all activities of the Sublessee in this regard.

10. This Sublease shall be subordinate to the provisions and requirements of any existing or future agreement between the Sublessor and the United States, relative to the development, operation or maintenance of the airport.

11. There is hereby reserved to Sublessor, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Subleased Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the airport.

12. Sublessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of building is planned for the Subleased Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on Subleased Premises.

13. Sublessee, by accepting this Sublease expressly agrees for itself, its successors and assigns that it shall not erect nor permit the erection of any structure or object nor permit the growth of any tree on the land leased hereunder above the mean sea level elevation of [_____] feet. In the event the aforesaid covenants are breached, Sublessor reserves the right to enter upon the Premises and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the Sublessee.

14. Sublessee, by accepting this Sublease, agrees for itself, its successors and assigns that it will not make use of the Subleased Premises in any manner which might interfere with the landing and taking off of aircraft from the airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, Sublessor reserves the right to enter upon the Subleased Premises, and cause the abatement of such interference at the expense of the Sublessee.

15. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

16. This Sublease and all the provisions hereof shall be subject to whatever right the United States

Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said airport or the exclusive or non-exclusive use of the airport by the United States during the time of war or national emergency.

EXHIBIT 10

**SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT**

THIS AGREEMENT made as of the ____ day of July, 2011 between **People's United Bank**, of 325 State Street, Portsmouth, NH 03801 ("Lender"), and _____, with a mailing address of _____ ("Tenant").

WITNESSETH:

WHEREAS, Tenant has entered into a lease dated _____ (said lease, as heretofore or hereafter amended, modified or supplemented, is hereinafter called the "Lease"), between **222 International LP** ("Landlord"), as landlord, and Tenant, as tenant, with respect to certain space leased by Landlord (the "Demised Premises") known by its address **222 International Drive, Suite ____**, Pease International Tradeport in Portsmouth, NH (the "Premises"); and,

WHEREAS, Lender has entered into a financing arrangement with Landlord, in which the obligations of Landlord are secured by a certain Mortgage, Security Agreement and Financing Statement, and an Assignment of Leases and Rents, from Landlord to Lender (collectively the "Mortgage"), which Mortgage encumbers the Premises and Landlord's interest in the Lease; and,

WHEREAS, the financing is contingent on Lender obtaining Subordination Agreements from all the Tenants on the Premises; and

WHEREAS, Lender and Tenant desire to enter into this Agreement upon the terms, covenants and conditions contained herein.

NOW, THEREFORE, in consideration of the promises and the agreements of the parties contained herein, the parties agree as follows:

1. The Lease is and shall be at all times and in all respects subordinate to the lien of the Mortgage, and/or all future mortgages to Lender and to all advances made and/or hereafter to be secured by the Mortgage and to all renewals, modifications, consolidations, substitutions, additions and extensions of the Mortgage.

2. Provided that Tenant complies with this Agreement, and if Tenant shall not be in default under the Lease beyond any applicable grace or cure period as of the date Lender commences a foreclosure action against Landlord, or at any time thereafter: (a) Tenant shall not be named as a party defendant in any action or proceeding to enforce the Mortgage, unless such joinder shall be required under applicable law, nor shall the Lease be cut off or terminated nor Tenant's possession thereunder be disturbed in any such action or proceeding, and (b) subject to the provisions of Section 4 of this Agreement, Lender will recognize the Lease and Tenant's rights thereunder.

3. Upon any foreclosure of the Mortgage or other acquisition of the Premises, Tenant shall attorn to Lender or any other party acquiring the Premises or so succeeding to Landlord's rights (collectively, the "Successor Landlord") and shall recognize the Successor Landlord as its landlord under the Lease. Said attornment shall be effective and self-operative without the execution on the part of any party of any further instrument. Without limiting the foregoing, Tenant waives the provisions of, and any rights under, any statute or rule of law, now or hereafter in effect, which might otherwise give, or purport to give, any right or election to terminate or otherwise adversely affect the Lease and the obligations of Tenant thereunder as a result of said foreclosure or other acquisition.

4. Upon said attornment, the Lease shall continue as a direct lease between the Successor Landlord and Tenant upon all terms, covenants and conditions thereof as are then applicable except that the Successor Landlord shall not be (a) liable for any damages then accrued as the result of any previous act or omission of Landlord or any prior landlord under the Lease, (b) subject to any offsets or defenses that Tenant then has against Landlord or any prior landlord, (c) bound by any amendment or modification of the Lease hereafter executed, or the obligations of the parties thereto, unless said amendment or modification shall have been consented to by the successor Landlord or Lender, or (d) bound by any prepayment of more than one (1) month's rent or other charges under the Lease, unless such payment shall have been made in accordance with the terms of the Lease or shall have been expressly approved in writing by Lender.

5. Tenant, from and after the date hereof, shall send to Lender a copy of any notice of default or termination sent under the Lease to Landlord at the same time such notice is sent to Landlord under the Lease. Such notices shall be delivered to Lender at the following address:

People's United Bank
325 State Street
Portsmouth, NH 03801
Attention: Karen J. Maneen

6. Tenant acknowledges notice that Landlord's interest under the Lease and the rent and all other sums due thereunder have been assigned to Lender as part of the security for repayment of the Note secured by the Mortgage. In the event that Lender notifies Tenant of a default under the Mortgage and demands that Tenant pay its rent and all other sums due under the Lease to Lender, Tenant agrees that it shall pay its rent and all other sums due under the Lease to Lender.

Landlord joins in the execution hereof for the purpose of consenting to the provisions of this Section.

7. This Agreement may not be amended, modified, supplemented or terminated unless in writing and duly executed by the party against whom the same is sought to be asserted and constitutes the entire agreement between the parties with respect to the subject matter hereof.

8. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above-written.

LENDER:
People's United Bank

Witness:

By:
Its:

TENANT:

Witness

By:
Its:

STATE OF NEW HAMPSHIRE
COUNTY OF ROCKINGHAM

This instrument was acknowledged before me on _____, 20__ by
_____ as _____ of People's United Bank.

Signature of notarial officer

Title and rank:
My Commission Expires: _____

STATE OF NEW HAMPSHIRE
COUNTY OF _____

This instrument was acknowledged before me on _____, 20__ by
_____ as _____ of _____.

Signature of notarial officer

Title and rank:
My Commission Expires: _____

EXHIBIT 11
RULES AND REGULATIONS

1. Except as specifically provided in the Sublease to which these Rules and Regulations are attached, no sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the building or Project without the prior written consent of Sublessor. Sublessor shall have the right to remove, at Sublessee's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Sublessee by a person approved by Sublessor.
2. If Sublessor objects in writing to any curtains, blinds, shades, screens or hanging plants or other similar objects attached to or used in connection with any window or door of the Premises, or placed on any windowsill, which is visible from the exterior of the Premises, Sublessee shall immediately discontinue such use. Sublessee shall not place anything against or near glass partitions or doors or windows, which may appear unsightly from outside the Premises.
3. Sublessee shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the Project. The halls, passages, exits, entrances, shopping malls, elevators, escalators and stairways are not open to the general public, but are open, subject to reasonable regulations, to Sublessee's business invitees. Sublessor shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Sublessor would be prejudicial to the safety, character, reputation and interest of the Project and its Sublessees: provided that nothing herein contained shall be construed to prevent such access to persons with whom any Sublessee normally deals in the ordinary course of its business, unless such persons are engaged in illegal or unlawful activities. No Sublessee and no employee or invitee of any Sublessee shall go upon the roof(s) of the Project.
4. The directory of the building or Project, if any, will be provided exclusively for the display of the name and location of Sublessees only and Sublessor reserves the right to exclude any other names therefrom.
5. Sublessor will furnish Sublessee, free of charge, with two keys to each door lock in the Premises. Sublessor may make reasonable charge for any additional keys. Sublessee shall not make or have made additional keys, and Sublessee shall not alter any lock or install a new additional lock or bolt on any door of its Premises. Sublessee, upon the termination of its tenancy, shall deliver to Sublessor the keys of all doors which have been furnished to Sublessee, and in the event of loss of any keys so furnished, shall pay Sublessor therefor.
6. If Sublessee requires telegraphic, telephonic, burglar alarm or similar services, it shall first obtain, and comply with, Sublessor's instructions in their installation.
7. No deliveries shall be made which impede or interfere with other Sublessees or the operation of the building.
8. Sublessee shall not place a load upon any floor of the Premises, which exceeds the load per square foot, which such floor was designed to carry and which is allowed by law. Sublessor shall have the right to prescribe the weight, size and position of all equipment; materials, furniture or other property brought into the building. Heavy objects shall, if necessary by Sublessor, stand on such platforms as determined by Sublessor to be necessary to properly distribute the weight, which platforms shall be provided at Sublessee's expense. Business machines and mechanical equipment

belonging to Sublessee, which cause noise or vibration that may be transmitted to the structure of the building or to any space therein to such a degree as to be objectionable to Sublessor or to any Sublessees in the building, shall be placed and maintained by Sublessee, at Sublessee's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the building must be acceptable to Sublessor. Sublessor will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the building by maintaining or moving such equipment or other property shall be repaired at the expense of Sublessee.

9. Sublessee shall not use or keep in the Premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Sublessee shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Sublessor or other occupants of the building by reason of noise, odors or vibrations, nor shall Sublessee bring into or keep in or about the Premises any birds or animals.
10. Sublessee shall not use any method of heating or air conditioning other than that supplied by Sublessor.
11. Sublessor reserves the right, exercisable without notice and without liability to Sublessee, to change the name and street address of the building.
12. Sublessee shall close and lock the doors of its Premises and entirely shut off all water faucets or other apparatus, and electricity, gas or air outlets before Sublessee and its employees leave the Premises. Sublessee shall be responsible for any damage or injuries sustained by other Sublessees or occupants of the building or by Sublessor for noncompliance with this rule.
13. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Sublessee who, or whose employees or invitees shall have caused it.
14. Sublessee shall not sell, or permit the sale at retail of newspapers, magazines, periodicals, theater tickets or any other goods or merchandise to the general public in or on the Premises. Sublessee shall not make any room-to-room solicitation of business from other Sublessees in the Project. Sublessee shall not use the Premises for any business or activity other than that specifically provided for in Sublessee's Sublease.
15. Sublessee shall not install any radio or television antenna, loudspeaker or other devices on the roof(s) or exterior walls of the building or Project. Sublessee shall not interfere with radio or television broadcasting or reception from or in the Project or elsewhere.
16. Sublessee shall not mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof, except in accordance with the provisions of the Sublease pertaining to alterations. Pictures, artwork and bulletin boards may be hung provided proper materials are used. Sublessor reserves the right to direct electricians as to where and how telephones and telegraph wires are to be introduced to the Premises. Sublessee shall not cut or bore holes for wires. Sublessee shall not affix any floor covering to the floor of the Premises in any manner except as approved by Sublessor. Sublessee shall repair any damage resulting from noncompliance with this rule.
17. Sublessee shall not install, maintain or operate upon the Premises any vending machines without

the written consent of Sublessor.

18. Canvassing, soliciting and distribution of handbills or any other written material and peddling in the Project are prohibited, and Sublessee shall cooperate to prevent such activities.
19. Sublessor reserves the right to exclude or expel from the Project any person whom, in Sublessor's judgement, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulations of the Building.
20. No cooking shall be done or permitted on the Premises without Sublessor's consent, except that use by Sublessee of Underwriters' Laboratory approved equipment for brewing coffee, tea, hot chocolate and similar beverages or use of microwave ovens for employee use shall be permitted, provided that such equipment and use is in accordance with all applicable, federal, state, county and city laws, codes, ordinances, rules and regulations.
21. Without the written consent of Sublessor, Sublessee shall not use the name of the building or Project in connection with or in promoting or advertising the business of Sublessee except as Sublessee's address.
22. Sublessee shall comply with all safety, fire protection and evacuation procedures and regulations established by Sublessor or any governmental agency.
23. Sublessee assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.
24. Sublessee's requirements will be attended to only upon appropriate application to the Project management office by an authorized individual. Employees of Sublessor shall not perform any work or do anything outside of their regular duties unless under special instructions from Sublessor, and no employee of Sublessor will admit any person (Sublessee or otherwise) to any office without specific instructions from Sublessor.
25. Sublessor may waive any one or more of these Rules and Regulations for the benefit of Sublessee or any other Sublessee, but no such waiver by Sublessor shall be construed as a waiver of such Rules and Regulations in favor of Sublessee or any other Sublessee, nor prevent Sublessor from thereafter enforcing any such Rules and Regulations against any or all of the Sublessees of the Project.
26. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend in whole or in part, the terms, covenants, agreements and conditions of the Sublease.
27. Sublessor reserves the right to make such other and reasonable Rules and Regulations as, in its judgment, may from time to time be needed for safety and security, for care and cleanliness of the Project and for the preservation of good order therein. Sublessee agrees to abide by all such Rules and Regulations herein above stated and any additional rules and regulations which are adopted.
28. Sublessee shall be responsible for the observance of all the foregoing rules by Sublessee's employees, agents, clients, customers, invitees and guests.

EXHIBIT 12

Business Information

Business Details

Business Name:	SPEEDPRO IMAGING OF PORTSMOUTH	Business ID:	762164
Business Type:	Trade Name	Business Status:	Active
Expiration Date:	1/3/2022	Last Renewal Date:	Not Available
Business Creation Date:	01/03/2017	Name in State of Formation:	Not Available
Date of Formation in Jurisdiction:	09/14/2013		
Principal Office Address:	195 New Hampshire Ave, Suite 100, Portsmouth, NH, 03801, USA	Mailing Address:	195 New Hampshire Ave, Suite 100, Portsmouth, NH, 03801, USA
Business Email:	michael@coastalspeedpro.com	Phone #:	NONE
Notification Email:	NONE	Fiscal Year End Date:	NONE

Principal Purpose

S.No	NAICS Code	NAICS Subcode
1	Manufacturing	Commercial Printing (except Screen and Books)
2	Manufacturing	Sign Manufacturing

Page 1 of 1, records 1 to 2 of 2

Trade Name Information

Business Name	Business ID	Business Status
---------------	-------------	-----------------

Trade Name Owned By

Name	Title	Address
Franklin Exeter, Inc. (/online/BusinessInquire/TradeNameInformation?businessID=515042)	Business	Not In Good Standing

Trademark Information

Trademark Number	Trademark Name	Business Address	Mailing Address
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No records to view.

[Filing History](#) [Address History](#) [View All Other Addresses](#)
[Businesses Linked to Registered Agent](#) [Return to Search](#) [Back](#)

NH Department of State, 107 North Main St. Room 204, Concord, NH 03301 -- [Contact Us \(/online/Home/ContactUS\)](#)

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MEMORANDUM

To: David R. Mullen, Executive Director 
From: Maria J. Stowell, P.E., Engineering Manager 
Date: October 4, 2019
Subject: Environmental Contract Report

Please report to the Board the following expenditures related to the CLF settlement and PDA's pending ms4 application:

1. Ransom - \$2,967.50 for preparation of information needed for the permit application.
2. Ransom - \$1,237.50 to review proposed stormwater treatment for new impervious surfaces and confirm that advanced treatment is being provided.
3. Ransom - \$901.80 for baseline stormwater sampling. This amount is in addition to the \$5,318 reported in May. The additional amount is to cover multiple mobilizations when the anticipated storm events did not produce the required rainfall amount to allow sampling.

All work is in conformance with the terms of Ransom's on-call agreement.

MOTION

Director Torr:

The PDA Board of Directors hereby authorizes the Executive Director to enter into a contract with Vanasse Hangen, Brustlin, Inc. ("VHB") to provide transportation planning and engineering services to Pease Development Authority for three (3) years with two (2) one (1) year options to extend, subject to the approval of the Executive Director; all in accordance with the memorandum from Maria J. Stowell, P.E., Engineering Manager, dated October 3, 2019 attached hereto.

N:\RESOLVES\2019\VHB 10-17.docx

MEMORANDUM

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

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

Date: October 3, 2019

Subject: Transportation Planning and Engineering Services

Advertisements seeking firms interested in providing on-call Transportation Planning and Engineering services were recently placed. In response, we received Statements of Qualifications from two firms. An evaluation Committee consisting of the Chair of the Transportation Committee Director Lamson, Michael Mates, and me reviewed the submittals and are recommending that VHB be awarded the work.

In arriving at this recommendation, the committee used an evaluation matrix ranking such items as work experience, regional knowledge, personnel, and on call experience. While both firms are experienced and employ skilled and dedicated professionals, we believe that VHB's experience and knowledge are best suited to PDA's needs.

VHB has been the PDA's on call transportation engineer since 1998. Over that period staff has been pleased with the quality and timeliness of their work. In addition, VHB has the most regional experience. Most importantly, VHB has always provided PDA with exceptional service.

At the next PDA Board meeting please seek approval to enter into a contract with VHB to provide transportation planning and engineering services for a period of three years with the option to extend for two one-year periods.

N:\ENGINEER\Board Memos\2019\VHB Selection.docx

MOTION

Director Allard:

The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a contract with Chadwick - Baross Inc. of Concord, NH, for the purchase of one (1) twenty-six (26) foot (Artic) sectional pusher plow in an amount not to exceed \$24,950.00; all in accordance with the memorandum from Ken Conley - Fleet Manager, dated October 8, 2019 attached hereto.

N:\RESOLVES\2019\Pusher Plow (26') 10-17.docx



MAINTENANCE

7 Lee Street, Portsmouth, NH 03801

DEPARTMENT

Memorandum

To: David R. Mullen, Executive Director *[Signature]*
From: Ken Conley-Fleet Manager *[Signature]*
Date: 10/8/19
Subj: Sectional Pusher Plow

This is a request to purchase a twenty-six (26) ft. sectional pusher plow (Arctic Plow) from Chadwick-Baross Inc., Sheep Davis Road, Concord NH for a price not to exceed \$24,950.00. A request for bid was advertised in September with the bid openings taking place September 16, 2019. The sectional pusher plow is funded in the FY2020 Portsmouth International Airport capital schedule. The primary use of this attachment is to couple on to a bucket loader allowing bulk snow removal on ramps and taxiways at Portsmouth International Airport. This sectional design incorporates suspensions allowing the ten (10), thirty inch (30") sections to move independently of each other for greater contact to the uneven ramp surfaces. This increases the blades scraping ability and lessens the need for follow up passes and the need for costly deicing material to combat left over snow pack. Pease has two of these plows already in operation for 5 and 7 years where the sectional designs benefits have been thoroughly tested against the old style solid box plow.

A total of two (2) bids were received and all responses met the minimum specifications:

Chadwick-Baross Inc., Sheep Davis Road, NH (Branch in Concord, NH)	\$24,950.00
Bearegard Equipment, Concord, NH	\$26,900.00

Based on Chadwick-Baross Inc. submitting the lowest qualified bid, please request authorization from the PDA Board of Directors, to enter into an agreement to purchase one (1) 26ft (Arctic) sectional pusher plow from Chadwick-Baross Inc., for a price not to exceed \$24,950.

P:\BOARDMTG\2019\arctic plow memo.docx

MOTION

Director Loughlin:

The Pease Development Authority Board of Directors authorizes the Executive Director to accept and bind Workers Compensation insurance coverage for the Pease Development Authority to be provided by MEMIC and brokered by Fred C. Church Insurance, Inc. ("Church") for the period of 12/31/19 through 12/31/20 in the projected amount of \$62,189.00; all in accordance with the Insurance Proposal prepared by Church and the memorandum of Anthony I. Blenkinsop, Deputy General Counsel, dated October 8, 2019, attached hereto.

MEMORANDUM

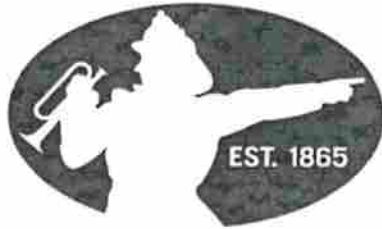
To: David R. Mullen, Executive Director *DM*
From: Anthony I. Blenkinsop, Deputy General Counsel *AB*
Re: Workers Compensation Coverage Renewal
Date: October 8, 2019

At the December 14, 2017, meeting of the Board, you were authorized to enter into an agreement with Fred C. Church Insurance, Inc. to provide Workers Compensation coverage to the PDA for a period of three (3) years to include two (2) one (1) year options to extend at your sole discretion. Such coverage does not extend to employees of the Division of Ports and Harbors who have been historically covered, and continued to be covered, by the State of New Hampshire's self-insured Workers Compensation program.

Attached you will find a proposal in the amount of \$62,189.00 for the upcoming renewal period of 12/31/19 through 12/31/20. Also please find three loss history charts which reflect the fact that PDA's experience modification factor decreased from 1.08 to .90 for the upcoming renewal period. The projected premium of \$62,189.00 is a decrease of over 11% from last year's premium of \$70,129.00. In addition to the experience modification going down over 16% (1.08 to .90), Fred C. Church Insurance, Inc. was able to keep PDA's various credits and take advantage of the lower state rates to achieve the reduction in premium, even with PDA's payroll estimates increasing for the renewal period. Please see page 5 of the attachment for a comparison of the premium breakdown from last year and for this upcoming year.

Overall this is an acceptable renewal proposal with a solid insurance carrier (MEMIC/AM Best Rating A IX). While PDA had experienced a momentary bump in its experience modification factor heading into last year's renewal, PDA's safety culture and its commendable loss history have played a significant role in reversing that bump and keeping premiums at reasonable levels. Finally, please note that as the policy is subject to audit the premium may adjust up or down slightly from the projected amount.

At the October 17, 2019, meeting of the Board, please seek authority to bind Workers Compensation coverage through Fred C. Church Insurance, Inc. in the projected amount of \$62,189.00 for the forthcoming policy period of 12/31/19 through 12/31/20.



Fred C. Church

I N S U R A N C E

Insurance Proposal

for

Pease Development Authority and Skyhaven Airport

October 7, 2019

Presented by:

Jeff Olsen

Wendy Radwan

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Named Insureds

Insured	Interest
Pease Development Authority and Skyhaven Airport	First Named Insured

Premium Summary

Description of Coverage	2018-2019 Premium	2019-2020 Premium	Insurer	AM Best
Worker's Compensation	\$70,129	\$62,189	MEMIC Indemnity	A IX

Payment Options

Policy	Direct or Agency Billed	# of Installments
Workers Compensation	Direct Bill	Annual

This document is a summary of coverage only; the policies contain additions, exclusions, and/or limitations that are not shown here.

Please refer to the policy or contact Fred C. Church, Inc. for complete coverage details

Worker's Compensation

MEMIC Indemnity Company Insurance Company
 3102800857 Policy Number
 12/31/2019 to 12/31/2020 Policy Term

Coverages

Description	Limit
Workers Compensation: Statutory Benefit	Included
Employers Liability: Each Accident	\$500,000
Employers Liability: Disease – Policy Limit	\$500,000
Employers Liability: Disease – Each Employee	\$500,000
Other States Insurance: See policy for complete list	

Remarks


Foreign Coverage - Foreign Coverage: "Employees of the Named Insured" "Any Country" "NH" Workers Compensation Law Excess Repatriation Expenses: \$100,000 each employee \$100,000 each accident Employers Liability: \$500,000 BI by Accident \$500,000 BI by Disease, Each Employee \$500,000 BI by Disease, Policy Limit
Other States (All States MEMIC is currently licensed with) - AL, AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MI, MN, MS, MO, MT, NE, NV, NJ, NM, NY, NC, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WV, WI
Voluntary Compensation & Employers Liability Endorsement
12/31/19 Experience Mod – .90

WC Premium Development

Year: 2018-2019					
Carrier: MEMIC					
State	Class	Description	Estimated Payroll	Rate	Estimated Premium
NH	7403	Aviation	\$1,800,000	4.5500	\$81,900
	8810	Clerical	\$1,400,000	0.1600	\$2,240
	9060	Country Club	\$700,000	2.2600	\$15,820
	9012	Property Manager	\$0	1.2800	\$0
	9015	Bldgs. - Operation by Owner	\$0	3.9100	\$0
		Increased Limits		0.0080	\$800
		Experience Mod		1.0800	\$8,061
		Schedule Credit		0.2000	-\$20,676
		Premium Discount		0.1020	-\$8,436
		Terrorism		0.0060	\$234
		Domestic Terrorism		0.0120	\$468
		Expense Reduction Plan		0.0700	-\$5,199
		Managed Care Credit		0.0500	-\$5,441
		Total State	\$3,900,000		\$69,771
MA	8810	Clerical	\$0	0.0700	\$0
		Increased Limits		0.0100	\$0
		Loss Constant			\$20
		Expense Constant			\$338
		Totals State	\$0		\$358
Grand Totals			\$3,900,000		\$70,129

Year: 2019-2020					
Carrier: MEMIC					
State	Class	Description	Estimated Payroll	Rate	Estimated Premium
NH	7403	Aviation	\$1,950,000	4.4700	\$87,165
	8810	Clerical	\$1,398,000	0.1500	\$2,097
	9060	Country Club	\$725,000	2.2100	\$16,023
	9012	Property Manager	\$0	1.2300	\$0
	9015	Bldgs. - Operation by Owner	\$0	3.8800	\$0
		Increased Limits		0.0080	\$842
		Experience Mod		0.9000	-\$10,613
		Schedule Credit		0.2000	-\$18,148
		Premium Discount		0.1010	-\$7,332
		Terrorism		0.0080	\$326
		Domestic Terrorism		0.0200	\$815
		Expense Reduction Plan		0.0700	-\$4,568
		Managed Care Credit		0.0500	-\$4,776
		Total State	\$4,073,000		\$61,830
MA	8810	Clerical	\$0	0.0700	\$0
		Increased Limits		0.0100	\$0
		Loss Constant			\$20
		Expense Constant			\$338
		Totals State	\$0		\$358
Grand Totals			\$4,073,000		\$62,189

Expereince Modification Worksheet

WORKERS COMPENSATION EXPERIENCE RATING								
		Risk Name: PEASE DEVELOPMENT AUTHORITY				Risk ID: 280173711		
Rating Effective Date: 12/31/2019			Production Date: 07/31/2019		State: NEW HAMPSHIRE			
State	Wt	Exp Excess Losses	Expected Losses	Exp Prim Losses	Act Exc Losses	Ballast	Act Inc Losses	Act Prim Losses
NH	.13	82,021	121,702	39,681	1,141	34,300	48,696	47,555
(A) Wt	(B)	(C) Exp Excess Losses (D - E)	(D) Expected Losses	(E) Exp Prim Losses	(F) Act Exc Losses (H - I)	(G) Ballast	(H) Act Inc Losses	(I) Act Prim Losses
.13		82,021	121,702	39,681	1,141	34,300	35,710	34,569
		Primary Losses	Stabilizing Value		Ratable Excess		Totals	
Actual	(I)	34,569	$C * (1 - A) + G$ 105,658		$(A) * (F)$ 148		(J) 140,375	
Expected	(E)	39,681	$C * (1 - A) + G$ 105,658		$(A) * (C)$ 10,663		(K) 156,002	
		ARAP	FLARAP	SARAP	MAARAP		Exp Mod	
Factors							(J) / (K) .90	
RATING REFLECTS A DECREASE OF 70% MEDICAL ONLY PRIMARY AND EXCESS LOSS DOLLARS WHERE ERA IS APPLIED.								

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WORKERS COMPENSATION EXPERIENCE RATING

Risk Name: PEASE DEVELOPMENT AUTHORITY

Risk ID: 2801/3/11

Rating Effective Date: 12/31/2019

Production Date: 07/31/2019

State: NEW HAMPSHIRE

28-NEW HAMPSHIRE Firm ID: Firm Name: PEASE DEVELOPMENT AUTHORITY

Carrier: 38563 Policy No. 3102800857 Eff Date: 12/31/2015 Exp Date: 12/31/2016

Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	Claim Data	IJ	OF	Act Inc Losses	Act Prim Losses
7403	1.93	.31	1,826,544	35,252	10,928	NO. 2	06	.	1,079	1,079
8810	.08	.36	1,309,908	1,048	377	16202544	06	F	2,504	2,504
9060	1.09	.39	659,177	7,185	2,802	16213780	06	F	6,313	6,313
9807	EMPLOYERS LIABILIT			0	0					
Policy Total:			3,795,629	Subject Premium:	135,506	Total Act Inc Losses:		9,896		

28-NEW HAMPSHIRE Firm ID: Firm Name: PEASE DEVELOPMENT AUTHORITY

Carrier: 38563 Policy No. 3102800857 Eff Date: 12/31/2016 Exp Date: 12/31/2017

Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	Claim Data	IJ	OF	Act Inc Losses	Act Prim Losses
7403	1.93	.31	1,289,897	24,895	7,717	17214969	05	F	1,903	1,903
8810	.08	.36	1,858,781	1,487	535	17200874	05	F	10,099	10,099
9060	1.09	.39	685,764	7,475	2,915	17207392	05	F	18,141	17,000
9807	EMPLOYERS LIABILIT			0	0					
Policy Total:			3,834,442	Subject Premium:	94,489	Total Act Inc Losses:		30,143		

28-NEW HAMPSHIRE Firm ID: Firm Name: PEASE DEVELOPMENT AUTHORITY

Carrier: 38563 Policy No. 3102800857 Eff Date: 12/31/2017 Exp Date: 12/31/2018

Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	Claim Data	IJ	OF	Act Inc Losses	Act Prim Losses
7403	1.93	.31	1,856,530	35,831	11,108	18215208	06	F	2,802	2,802
8810	.08	.36	1,165,043	932	336	NO. 4	06	*	5,855	5,855
9060	1.09	.39	697,016	7,597	2,963					
9807	EMPLOYERS LIABILIT			0	0					
Policy Total:			3,718,589	Subject Premium:	109,763	Total Act Inc Losses:		8,657		

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* Total by Policy Year of all cases \$2000 or less. Disease Loss Ex-Medical Coverage U.S.L.&H.W.
 Catastrophic Losses Employers Liability Loss Limited Loss

MEMORANDUM

To: David R. Mullen, Executive Director *DM*
From: Maria J. Stowell, P.E., Manager, Engineering *Maria*
Date: October 10, 2019
Subject: Terminal Expansion Project Cost Report

Construction of the terminal expansion building continues to ramp up. As you know, the award of contracts and start of work were delayed while we waited for word on FAA funding opportunities. Construction began in the summer and the contractor is currently working to relocate the checked baggage screening functions which will allow construction of the main building to begin.

As the work has progressed, a number of issues have been identified that will impact the cost of the project. At this time, I do not have all of the detail required to bring a request to the Board. However, I would like to present the request on Thursday, the 17th as a late item. This memo serves as an interim communication to provide the background information to support the request for funds.

Passenger Boarding Bridge

In early 2018, PDA through its consultant, McFarland Johnson, advertised and bid the procurement of a passenger boarding bridge (PBB). Due to the above-mentioned delay caused by the uncertainties of the project funding, we were not able to award the PBB contract within the specified timeframe and the bid offers expired. This forced a re-bid held on October 9th, and resulted in a higher cost for the product and additional consulting fees.

Explosive Detection System

To date, TSA has been inspecting checked baggage through a manual process. As reported by Deputy Director Brean last month, TSA has notified the airport that it will be receiving an Explosive Detection System, which allows much quicker automated inspections. Facilitating the arrival and placement of the new machine has required a redesign of the baggage building and the purchase of an additional length of conveyor belt.

Dynamic Glass

Terminal facilities typically are constructed with glass curtain walls to provide airfield views. The glass walls also allow unpleasant heat and light and cause passenger discomfort and high energy costs.

As a mitigation measure, the terminal building was designed with exterior “fins” to shade the glass wall. The fins present problems of their own, including maintenance and unsightliness. As an alternative, the design team has been researching the properties of dynamic or electrochromic glass. This glass can be tinted by passing low voltage electric charges across a film surface applied to the glass. The charges change the window tinting from light to more opaque during different times of the day and as seasons change. This appears to be a more sustainable and a more aesthetically pleasing solution.

Re-roofing Method



The construction contract calls for removing the existing roof of the existing terminal building. This would provide the best possible product. However, substantial savings could be realized by placing the new roof over the old roof. The design team has been studying the pros and cons to help in our decision making.

Contingency

The original project budget did not include a contingency. Building construction, especially when renovations of existing structures are involved, are always subject to unforeseen changes. A reasonable contingency would cover future potential changes without delaying the current schedule.

For next week’s meeting, I will be providing costs and further justifications for each of these items.

Memorandum

To: Paul Brean, Airport Director 
From: Sandra McDonough, Airport Community Liaison 
Date: 10/10/2019
Subj: Noise Report for September 2019

The Portsmouth International Airport at Pease received a total of 12 noise inquiries in September, 2019. The 12 inquiries were for fixed wing aircraft.

The 12 inquiries were all concerning military jets flying between 12:30 AM and 7:00 AM. Eleven of the inquiries were concerning 6 F-16's (2 calls from Eliot, Maine, 5 from Rye, New Hampshire, 2 from Newington, New Hampshire and 2 from Portsmouth New Hampshire). The F-16's were not scheduled to come to Portsmouth. They diverted here due to unforeseen circumstances. Two days later they departed and had to return again due to similar circumstances. The last inquiry was from a Newington residence concerning two C-17's arriving and departing in the early morning hours.

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 Bohenko:

The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds in the total amount of \$5,695.78 for legal services to the Pease Development Authority rendered as follows:

KutakRock

August 1, 2019 – August 30, 2019	<u>\$ 5,695.78*</u>
	\$ 5,695.78

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

KUTAK ROCK LLP

WASHINGTON, D.C.

Telephone 202-828-2400

Facsimile 202-828-2488

Federal ID 47-0597598

September 20, 2019

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. 2605067
Client Matter No. 294603-1

Invoice No. 2605067
294603-1

Re: General

For Professional Legal Services Rendered

TOTAL HOURS	13.00	
TOTAL FOR SERVICES RENDERED		\$5,330.00
DISBURSEMENTS		
Meals	30.47	
Travel Expenses	704.31	
TOTAL DISBURSEMENTS		<u>734.78</u>
TOTAL CURRENT AMOUNT DUE		\$6,064.78
UNPAID INVOICES:		
February 13, 2019	Invoice No. 2525039	205.00
June 26, 2019	Invoice No. 2569909	902.00
August 26, 2019	Invoice No. 2611582	1,722.00
TOTAL DUE		<u>\$8,893.78</u>

MOTION

Director Lamson:

In accordance with the provisions of Section 3.11 of the Second Amendment to By-Laws of the Pease Development Authority, the Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to create and add a full-time, benefited, exempt position of Manager of Airport Administration; and to fill said position with an appropriately qualified candidate; all in accordance with a memorandum from Paul E. Brean, PDA Deputy Director/PSM Airport Director, dated October 9, 2019 attached hereto.

Memorandum

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

From: Paul Brean, Deputy Executive Director/PSM Airport Director *PBrean*

Date: September 23, 2019

Subj: Airport Position: Manager of Airport Administration

CC: Tanya Coppeta, Human Resources

In anticipation of the retirements of the Pease Development Authority's (PDA) Executive Director (ED) and its General Counsel (GC) in mid-2020, organizational changes involving key PDA personnel have begun. One such change has been the recent transition of the Airport Director to the position of Deputy Executive Director/PSM Airport Director (DED/AD). The DED/AD has begun training with the current ED in order to gain first-hand experience in the management of the PDA. These changes in combination with three upcoming major airport construction projects, increased airport activity, and the hiring of additional airport staff to handle this activity, have revealed the need for a transitional management position to assume day-to-day oversight of the airport.

It is anticipated that with this new position, the Manager of Airport Administration, the position of Airport Director will ultimately not be needed, and the role would not be filled should the current DED/AD assume the ED role. Until such time, rather than hire a new Airport Director at an estimated salary of \$125,000-\$184,000, PDA staff is requesting the creation of a new, full-time, benefited position of Manager of Airport Administration, at an estimated annual salary of \$75,000-\$100,000. This position will assume the current DED/AD airport workload, which includes budgeting, marketing, oversight of daily operations, and management of the Administrative Assistant, Maintenance, Operations, and Security staff. We anticipate recruiting to fill this position beginning in November of 2019, with a target hire date of January, 2020, to allow for the recruitment and training this position will require.

At the October 17, 2019, meeting of the Board of Directors, please request authorization to create and add a full-time, benefited position called the Manager of Airport Administration. This position is exempt, and will report initially to the DED/AD, but ultimately to the ED after the anticipated retirement transition. The attached Job Description provides detailed information on essential duties and responsibilities of this new position.

Thank you for your consideration.



Pease Development Authority Job Description

Job Title: Manager of Airport Administration
Department: Airport Management
Reports to: Airport Director
Revision Date: September, 2019
Status: **Exempt (salaried)**
Employee Type: Regular Full Time

Job Summary

The Manager of Airport Administration is responsible for overseeing the safe and efficient daily operations of Portsmouth International Airport at Pease and Skyhaven Airport.

Essential Duties and Responsibilities

- Coordinate, manage and maintain daily airport operations and administrative activities in support of PSM's mission
- Identify goals and objectives for staff; including training and work assignments, and staff supervision
- Oversee the airport emergency program and respond to emergencies at both airports
- Coach, mentor, motivate, counsel and review performance for all direct reports; ensure employee safety is maintained at all times, all accidents are investigated promptly, and corrective actions are put in place for all accidents and near misses
- Coordinate with Maintenance, Security and Operations Agents to ensure airfield and airport are maintained per legal, regulatory and safety standards
- Manage fiscal responsibilities of the airport; oversee the annual airport budgets and recommend adjustments as necessary
- Oversee cleaning and housekeeping activities for interior and exterior facilities and grounds
- Contract administration
- Manage contracted services and concessionaire agreements. Coordinate the RFP process, participate in bid review and serve on selection panel. Manage contracts and license agreements in accordance with contracts.
- Approve and submit employee timecards to payroll, approve time off requests
- Oversee snow removal program and operations
- Create interdepartmental cohesiveness through strong communication and collaboration
- Build and maintain strong business and community relationships

Additional Duties

- Ensure that the Airport Certification Manual, Airport Security Program and other airport related programs and documents are maintained in current status at all times
- Represent the PDA on airport related committees and organizations; meet with government officials and public representatives as needed
- Promote public relations and noise abatement mitigation activities
- Plan for effective airport development through the Master Plan and the CIP; adhering to departmental budget (s)
- Perform other duties as assigned

Essential Behavior Requirements

These behaviors are based on PDA cultures and values critical to support the mission of the organization.

Service Quality: Exceeds the customer's (both internal and external) needs in every interaction.

Teamwork: Ability to demonstrate cooperative spirit and capacity to work well as a team member.

Problem Solving: Recognizes and defines problems; analyzes relevant information; encourages alternative solutions and plans to resolve situations; seeks additional assistance when needed.

Communication: Actively listens to customers (includes coworkers and the public) empathizes (sees the situation from the customer's perspective) and works together to solve the problem through effective communication.

Supervisory Responsibilities

Does this job have supervisory responsibilities?

Yes

Choose an item.

If yes, positions directly supervised by this position? Maintenance Manager, Equipment Manager, Operations Manager, Security Manager, Administrative Assistant

Minimum Qualifications

Education/Experience

Bachelor's degree in Aviation Management or related field and a minimum of 7 years' relevant airport experience or equivalent combination of education and/or experience.

Knowledge/Skills/Abilities

- Must be able to lead people to work toward the organization's vision, mission and goals by providing a work environment that fosters the development of others, facilitates cooperation and teamwork, and supports constructive resolution of conflicts
- Thorough working knowledge of principles and practices of supervision
- Experience with Time and Attendance Systems
- Experience with Asset Management Systems
- Thorough working knowledge of federal and state construction and operations statutes and codes, including, but not limited to fire codes, health codes, electrical codes, and OSHA/MIOSHA rules and regulations

- Thorough working knowledge of ADA accessibility requirements relating to public buildings and the fixtures and furnishings therein
- Working knowledge of snow removal practices, protocols and requirements for airfield movement and non-movement areas in a cold weather station
- Working knowledge of building, grounds, and airfield maintenance principles and practices, including preventative maintenance programs and practices
- Working knowledge of security and safety protocols and procedures
- Working knowledge of budget planning and administration
- Knowledge of applied mechanics, hydraulics, building mechanical systems, and electricity
- Ability to gather and analyze data from a variety of sources and make decisions accordingly
- Ability to analyze complex issues and develop solutions
- Ability to instruct, direct, and evaluate employees
- Ability to read and interpret blueprints, engineering and architectural drawings and designs, mechanical drawings, engineering, diagrams, and architectural specifications
- Thorough working knowledge of risk management practices and procedures for facilities and facility operations
- Must meet the requirements of TSR1542 for a criminal history and/or background check and security identification display area training (SIDA)
- Ability to read, understand, and apply best practices related to news and current events that relate to aviation operations, procedures and required training.
- Ability to successfully complete all requisite training to maintain airfield driving privileges for the entire Airport Operations Area (AOA)
- Ability to establish and maintain effective working relationship with PDA Board of Directors, PDA employees, State, Federal and local agencies, PDA tenants, and the general public.
- Excellent verbal and written communication skills sufficient to prepare reports, reviews and presentations for a variety of audiences
- Complete familiarity with FAR Parts, 77, 121, 139, 150 and 161, FAA grant assurances and TSA 1542 and 1544
- Demonstrated ability to prioritize and execute numerous projects simultaneously under tight deadlines
- Knowledge of environmental protection programs and regulations
- Working knowledge of a variety of computer software applications in word processing, spreadsheets, database and presentation software
- Ability to be on call when required.

Certificates, Licenses, Registrations

Must hold valid driver's license from the current state of residence.

AAAE certification or the ability to obtain within six months of hire.

**PEASE DEVELOPMENT AUTHORITY
PORT COMMITTEE MEETING
MINUTES**

Thursday April 4, 2019

Presiding: Peter Loughlin, Committee Chair
Present: Franklin G. Torr, Committee Member
John Bohenko, Committee Member

Attending: Geno J. Marconi, Division of Ports and Harbors Director; David R. Mullen, PDA Executive Director; Roger Groux, Port Advisory Council Chairman

I. Call to Order

Director Loughlin, Committee Chair, called the meeting to order at 8:00 a.m. in the conference room of the Division of Ports and Harbors, 555 Market Street, Portsmouth, NH.

II. Acceptance of Committee Meeting Minutes: November 1, 2018

Director Bohenko moved and Director Torr seconded that the Pease Development Authority Port Committee accept the Minutes of the November 1, 2018 Port Committee meeting. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

III. Directors' Comments

Port Director Marconi presented the proposal from Appledore Marine Engineering to complete the National Environmental Protection Act ("NEPA") clearance for the Main Wharf rehabilitation project. Director Bohenko made a motion to recommend the PDA Board of Directors approve and accept the proposal for the purpose of conducting a review under the NEPA as part of the U.S. Department of Transportation's Better Utilizing Investments to Leverage Development ("BUILD") grant to the Division and to approve an expenditure in the amount of \$74,107 from the Port Expansion Fund for the NEPA review. Director Torr seconded, all were in favor.

Port Director Marconi explained that the floating dock at the Hampton Harbor Marine Facility has been damaged by storms, is beyond repair, and requires replacement. Director reported that three marine companies were contacted to submit quotes to replace the float. After discussion and review of the two quotes that were submitted, Director Bohenko made a motion to immediately award a contract to Riverside and Pickering Marine Contractors in the amount of \$14,300 to be funded by the Harbor Dredging and Pier Maintenance Fund. Director Torr seconded the motion, all were in favor and the motion carried.

IV. Public Comment

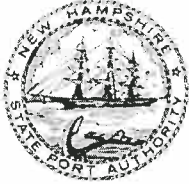
There were no members of the public present.

V. Press Questions

There were no members of the press at the meeting.

VI. Adjournment

Director Torr made a motion to adjourn at 8:10 AM, which was seconded by Director Bohenko, all were in favor.



*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, JUNE 12, 2019**

PRESENT: Roger Groux, Chairman
Erik Anderson
Brad Cook
Jeff Gilbert
Chris Holt-excused at 7:35 PM
Chris Snow
Geno Marconi, Secretary, Director, DPH

1. CALL TO ORDER

The meeting was called to order at 6:02 pm and commenced after a presentation by the Newington Fire Department on its rescue and boom deployment boat. The presentation lasted about 40 minutes.

2. APPROVE MINUTES

E. Anderson made a motion to accept the May 8, 2019 minutes, C. Holt 2nd, no further discussion, the council voted and the motion carried.

3. FINANCE REPORT

J. Gilbert commented that the financial report is impressive. Revenue is up by about \$.5 million, and profits are tracking above forecast. G. Marconi commented that we did well with the recent windmill ship. R. Groux mentioned that the windmills, once set up, will provide power for 14,000 homes. Conversation turned to the controversy surrounding alternative power sources. Back to the financial report, E. Anderson asked for clarification regarding the association of the current assets vs. total current liabilities. Geno gave examples of liabilities, which include the turning basin and pension fund for past employees. J. Gilbert mentioned that the Port is still showing improvement over prior years.

4. DIRECTOR'S REPORT

G. Marconi presented memos on the following items from the May 16, 2019 PDA board meeting for the committee's review and asked if there were any questions:

- Piscataqua Maritime Commission, Coast Guard Cutter "Eagle" waiver of fees
- Portsmouth Fish Pier , bait cooler users, right of entry renewal
- Juliet Marine, right of entry for the storage of the GHOST ship at the Market St. Terminal, extended through Oct 31, 2019
- Swell Oyster Co., Hampton Harbor right of entry, shack for preparation and sale of oysters
- Smitty's Lobster Pound, Hampton Harbor right of entry, placement of cooler in support of its lobster pound shack

With no questions from the Council, Geno went on to update them on the Portsmouth Commercial Fish Pier seawall failure. The wall was built in 1977 and about 3 weeks ago, the sheet pile that holds back the landside of the facility has started to move. Geno went into great detail, complete with sketching out the affected area, showing the facility blueprints, and explaining what appears to be causing it. E. Anderson added that there is a sinkhole as well,

which fills in with the tide and causes pressure on the wall. As safety precautions, one hoist and the floating docks were removed and “no docking” signs were posted. The other hoist was shut down which left 2 hoists available for the fishermen. Erik mentioned the 2 hoists that are now out of service were the ones that were the most active. The fuel pumps were shut off and the contractor will purge the lines and remove the fuel system tomorrow. The Division has been trying to determine if there is anything that can be done to halt the deterioration and has talked to several contractors. Anything along those lines would cost an exorbitant amount of money, which the Division does not have. In the meantime, the Division will have a couple of test pits dug to allow inspection of the tiebacks, evaluation of the failure, determine the level of deterioration, and to develop repair alternatives. Along with that the loose concrete and pavement will be removed and a poly cover will be placed to divert the water from entering the hole. The cost of this is about \$42,000. The good news is the steel is still good, and that is what is holding the wall up now. The ideal plan would be to drive a new sheet pile wall, but money is the issue. Director said that he has spoken to a couple of state senators and a couple of other folks up in Concord to make them aware of the situation. If he had to guess, the cost will be about \$1 mil to a \$1.3 mil. The Division is taking steps to mitigate the interruption of operations at PFP as best as possible including installing a temporary hoist on the face of the pier so that there will be 3 working hoists available. Director is asking for patience and for the pier users to work together to get in and out to allow everyone time at the dock. Revenues will be lost due to the loss of the fuel pumps. There are some funding possibilities that we will look into. The \$5+ million that we have in the pier expansion fund is dedicated as a match to the BUILD Grant Main Pier Rehabilitation Project. Roger asked how this work fits in with the work that we would be doing at PFP pier that came out of the concept study. Geno said that in the short term the first concept included clean-up of the wall, put protection and a new top on the wall, so those pieces would be eliminated from this work. As a user of the facility, Erik complimented Geno and his staff for their efforts to monitor and assess the situation on a daily basis. Discussion ensued for a bit longer regarded funding and permitting. Erik reported that some folks in Concord are aware, the Governor is aware, and Ruth Griffin made a visit and will hopefully make some calls. Geno said right now there are folks that want to help but we need to come up with a dollar value to present, he’s basing his estimate of \$1.3 mil on the replacement work that was done at Hampton (4 years ago). Erik reminded the council that time is not on our side and don’t forget the cost includes loss of revenue. Geno said we cannot get a dollar amount or plan for repair until the test pit has been done. Erik asked if the group should put together a letter....Geno said if the time comes and he needs support he will reach out to the Council.

5. COMMITTEE REPORTS

Fisheries-E. Anderson reported that NH has an allocation of 1.2 million pounds of Menhaden. There are some boats coming in with Menhaden to the Market St. facility to help NH reach its allocation for this year. Finalization of the rules for fixed gear fisheries for Right Whales has been concluded, in-lines have to be reduced by 30% and each state will have to come up with their own plans.

Government-N. Raynolds was not in attendance, No report.

Moorings- C. Snow, mooring permits are being mailed out and responded to.

PDA liaison- From the last PDA Board meeting, R. Groux reported that Wentworth Douglass is spending \$50 million on the expansion of their medical facility at PDA. The Town of Greenland had some problems with traffic and that will be addressed in the 10 year plan.

Maritime/Public Affairs- The Coast Guard Cutter Eagle is coming, public tours will be Aug 2 to Aug 4.

Dredging-C. Holt reported that the last dredge meeting was May 22nd. There is still no funding for the turning basin project. Funding was not in the 2019 budget for the Army Corp but they will submit another for 2020. NEPA is trying to add in the TYCO shoal into the turning basin funding to make it look more attractive. There is an eel grass issue on the Maine side, the disposal site at the Isles of Shoals had to be reconfigured so they need new approvals.

Hampton/Seabrook project: there was one property owner holding out, but that is taken care of. Director confirmed that the wetlands permit has been submitted and accepted by DES. Dredging will start by October.

Rye dredging: The letters went out for public comment on the environmental coordination, still deciding whether to use Cape Arundel or the Isles of Shoals. Moving forward and hope to start dredging in the fall of 2020.

Chris received notification from the American Pilot Association of a bill that has been introduced to release the \$1.7 billion in Harbor Maintenance Funding Tax. If the bill goes through it would release funds back to the rivers and harbors where it belongs.

Recreational Piers- Weather has been bad, so financially the rec piers are way behind. Overall outlook is positive.

6. NEW BUSINESS

R. Groux handed out a flyer on the Sea Bass Tournament on Sunday, June 23, 2019 at the Wentworth. From his understanding, the money goes to a children's charity.

7. OLD BUSINESS

No old business.

8. PUBLIC COMMENT

Peter Welch reported that Newington is working on their master plan and part of the plan regarding transportation will include the Ports of Newington and Portsmouth. Peter asked if Geno would mind reviewing the plan when the time comes, Geno agreed to help in any way he can.

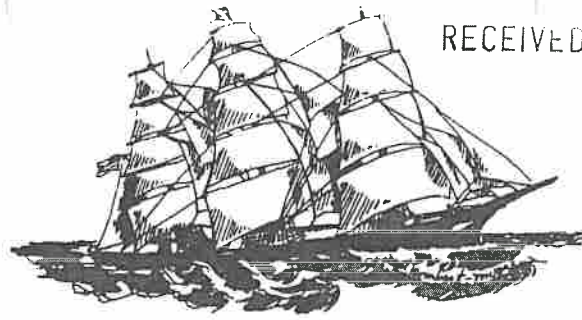
9. PRESS QUESTIONS

There were no members of the press present.

10. ADJOURNMENT

B. Cook made a motion to adjourn for July and August with the understanding that there may need to be an emergency meeting to discuss the fish pier. J. Gilbert seconded, there was no discussion and all were in favor. Meeting was adjourned at 7:44 PM.

OFFICE:
134 Middle Street, Suite 210
Lowell, MA 01852
Phone: 978 ▪ 251-8553
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RECEIVED OCT 07 2019

PLANT:
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Portsmouth, NH 03801
Phone: 603 ▪ 436-8505
Fax: 603 ▪ 436-2458

Granite State Minerals, Inc.

October 1, 2019

Mr. Geno J. Marconi, Division Director
Pease International Development Authority
55 International Drive
Portsmouth, NH 03801

Dear Geno,

Granite State Minerals, Inc. is notifying you that we would like to exercise our second option to renew our lease for an additional one (1) year term per the contract signed November 17, 2017. All terms and conditions are to remain the same.

Regards,

Shelagh E. Mahoney
President


PARKING LOT USAGE/MAINTENANCE AGREEMENT

The Pease Development Authority, Division of Ports and Harbors, ("Lessor" or "Owner"), a state agency created by RSA 12-G:43, I, owner of a parking lot located at 315 Market Street, City of Portsmouth, New Hampshire, (Map 119, Lot 5) (hereinafter "Lot") and the Isles of Shoals Steamship Company, Inc., ("Lessee"), lessee of 315 Market Street, hereby enter into this agreement with the City of Portsmouth, a municipal corporation with an address of 1 Junkins Avenue, Portsmouth, New Hampshire (hereinafter "City" or "Sublessor") with respect to certain designated parking spaces located in the Lot. Lessee and the City are entering into this parking agreement ("Agreement") for the purposes and under the terms and conditions contained herein.

1. This Agreement shall commence on November 1, 2019 and continue in effect until April 30, 2020.
2. During the period in which this Agreement is in effect, the Fifty-One (51) parking spaces in the Lot shown on the attached plan (hereinafter "Parking Lot") shall be available at the direction of the City for the purpose of allowing employees of the downtown area who have purchased a parking permit for the Parking Lot to park (hereinafter "Employees"). (See plan attached and incorporated hereto as Exhibit A).
3. The City agrees and represents that the parking permits issued by the City will allow Employees to park in the Parking Lot from Monday through Sunday, but will prohibit overnight parking.
4. The City shall post and maintain signage in a manner to be approved by the Owner and Lessee to designate the Fifty-One (51) parking spaces for Employee parking. The signs shall include a prohibition against overnight parking and information about days Employees are permitted to park in the Parking Lot.
5. The City shall have the authority to provide regular and consistent enforcement of its rules and regulations governing the use of these parking spaces during the times stated to ensure that the parking spaces are only being used by authorized permit holders.
6. The City shall plow snow, apply salt and sand, and remove snow as necessary from the Parking Lot in accordance with its normal practices for City parking lots. In April 2020, the City shall sweep the Parking Lot and remove any accumulated sand and debris resulting from its winter maintenance activities.

7. Except as described in this Agreement, the use of the Parking Lot shall be under the control of the Owner and Lessee.
8. The City shall defend and indemnify the Owner and Lessee for claims caused solely by the City's negligence, and which are within the scope of the City's liability insurance to the extent and under the terms and conditions under which the City itself is entitled to contractual indemnification coverage from the New Hampshire Public Risk Management Exchange, under the terms of its liability coverage document as it may be in effect from time to time. The City shall promptly repair any damage to the Owner's property and equipment at the Lot, including but not limited to the Parking Lot, resulting from its activities under this Agreement.
9. The Parties agree that any compensation paid by the City to Lessee will be determined at the expiration of the term of this Agreement and will be the net parking permit revenues, the difference between gross parking permit revenues less expenses incurred by the City for the following; snow removal operations, parking permit production and administration and parking enforcement. The net parking permit revenues will be paid to Lessee within 45 days after the expiration of the term of this Agreement. The Parties anticipate that these payments shall not exceed \$1,000 per month.
10. This Agreement may be terminated with cause by either Party in the event that either Party fails to maintain its obligations under this Agreement, after being given written notice of such failure and a Thirty (30) day period to cure it. This Agreement may be terminated without cause by either Party with Forty-Five (45) days written notice to the other Party.
11. This Agreement may be renewed annually by agreement of the parties.

For the City of Portsmouth


 John P. Bohenko, City Manager

Dated: 9-30-19

For Lessee

Isles of Shoals Steamship Company, Inc


 By: _____

Dated: 9/27/19

Pursuant to vote of the City Council
 on November 17, 2014.

Pease Development Authority consents to this Parking Lot Usage / Maintenance Agreement entered into between the Lessee and the City.

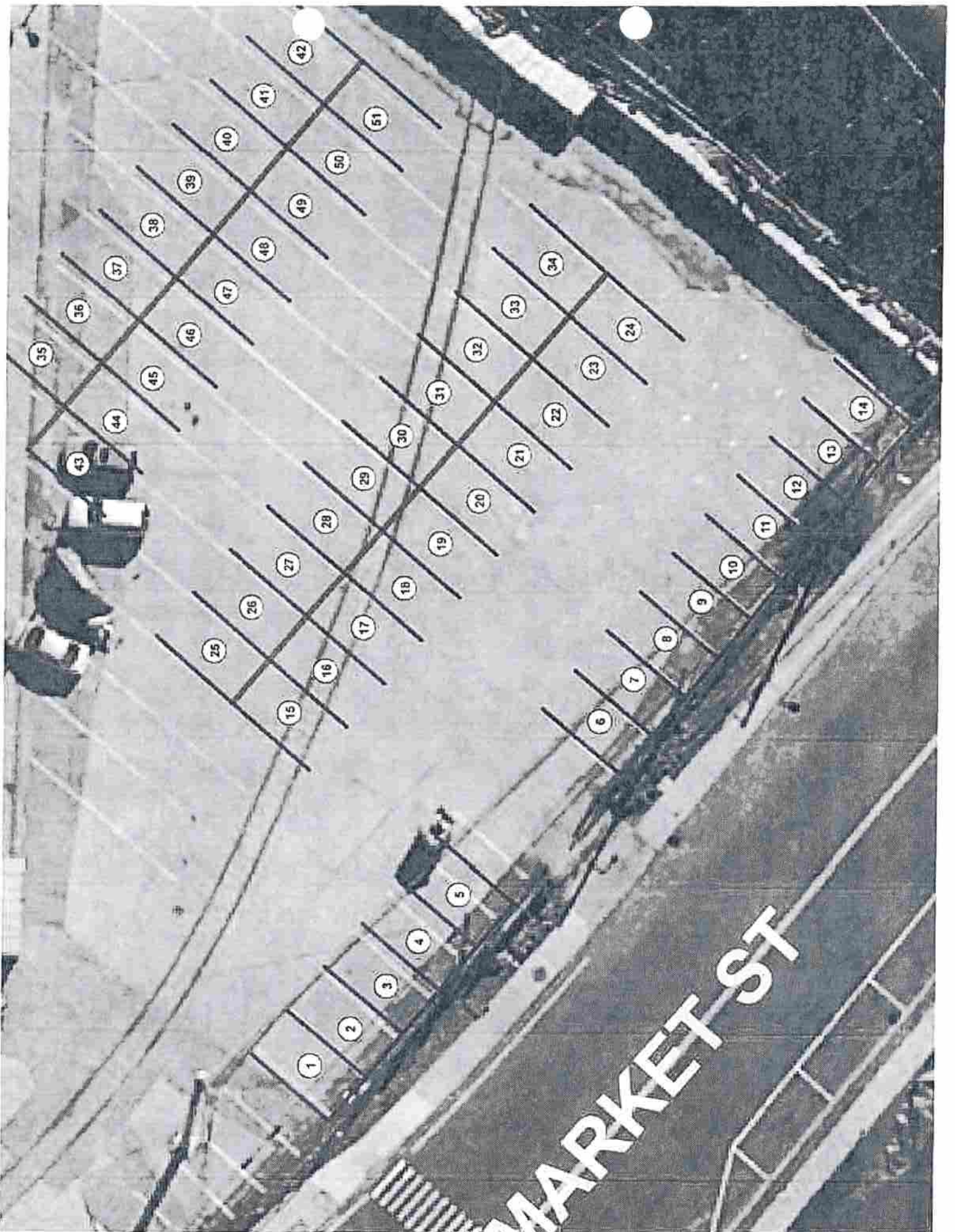
Pease Development Authority



David R. Mullen, Executive Director

Dated: 9/26/19

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MARKET ST

MOTION

Director Levesque:

The Pease Development Authority Board of Directors hereby authorizes the Executive Director to agree to and execute the Proposal dated October 8, 2019, submitted to the Division of Ports and Harbors (“DPH”) by Appledore Marine Engineering, LLC (“AME”) of Portsmouth, New Hampshire, for engineering and construction services related to the replacement of the seawall at the Portsmouth Commercial Fish Pier, in an amount not to exceed \$324,046.00; funding of this proposal to be provided through general funds of the State of New Hampshire; all in accordance with the Memorandum of Geno Marconi, Division Director, dated October 8, 2019 attached hereto.



PEASE

INTERNATIONAL

PORTS AND HARBORS

555 Market Street, Suite 1 Portsmouth, NH 03801

To: Pease Development Authority ("PDA") Board of Directors
From: Geno Marconi, Division Director *GM(BT)*
Re: Seawall repair, Portsmouth Commercial Fish Pier
Date: October 8, 2019

As has been previously reported to the PDA Board of Directors, the seawall at the Portsmouth Commercial Fish Pier has failed and is in need of immediate replacement. Based on a concept report provided by Appledore Marine Engineering, LLC ("AME"), the Division's "On-Call Marine Engineers," the New Hampshire Legislature, with concurrence of the Governor, appropriated \$3.25 million for the seawall replacement project, which includes design, engineering, permitting and construction costs.

The Division of Ports and Harbors ("the Division") requested and received a proposal from AME, in the amount of \$324,046.00, for engineering and construction services related to the replacement of the seawall ("the Proposal"). As you will see in the attached Proposal, the scope of work includes engineering investigations, design services, bidding support, and quality assurance services through the completion of construction.

As stated above, the funds for this Proposal will be provided through General Funds of the State of New Hampshire.

After review of the Proposal and based on its negotiations with AME, the Division recommends that the PDA Board of Directors approve the Proposal and authorize the Executive Director to execute the Proposal in order to begin this crucial project.



TAKING YOU THERE

ph: 603-436-8500

fax: 603-436-2780

www.peasedev.org



Appledore Marine Engineering, LLC

600 State Street, Suite E | Portsmouth New Hampshire 03801

October 8, 2019

Captain Geno Marconi
PDA Division of Ports & Harbors
555 Market Street
Portsmouth, New Hampshire 03801

Re: Proposal to Provide Marine Engineering Services
Repair Design - Portsmouth Fish Pier Bulkhead
Portsmouth NH
Project No. 5245

Dear Captain Marconi:

Appledore Marine Engineering, LLC. (AME) is pleased to present this proposal for Marine Engineering services for the above-referenced project. This proposal will outline the Background, Scope of Services, Schedule of Work and Fees for Consulting Services to perform the work.

BACKGROUND

The Bulkhead at the Portsmouth Fish Pier facility has failed and requires rehabilitation. AME prepared a Concept Report for the Pease Development Authority – Division of Ports and Harbors (Port Authority) in support of the investigation of the Portsmouth Fish Pier Bulkhead failure and the development conceptual rehabilitation alternatives. The estimated cost range to replace the Portsmouth Fish Pier Bulkhead as detailed in the Concept Report dated July, 2019 is between \$2,600,000 and \$3,250,000.

SCOPE OF SERVICES

The scope of services is targeted to the tasks required in assisting the owner to replace the bulkhead and adjacent infrastructure. These services include engineering investigations, design services, bidding support and quality assurance services through the completion of construction.

TASK 1: ENGINEERING SERVICES

Archive Record Review

This task will include completing research on the facility and general area to identify available records on the structure itself and local site specific conditions. This would include past engineering studies and public records. The intent of this task is to leverage past available information to limit redundancy in effort.

Engineering Investigations

To support the preliminary design, engineering investigations will be completed to document the existing facility conditions in the vicinity of the bulkhead. These investigations will include the collection of detailed design-level measurements of the existing structures, utilities, subsurface soils and other features in the vicinity of the work. The following investigations are anticipated to be required:

- Topographic survey
- Utility investigation
- Geotechnical explorations
- Above and underwater engineering inspection

Meetings

Meetings and working sessions will be completed throughout the engineering investigation and design process to provide updates and incorporate owner and facility user input. Meetings will be completed at owner or AME facilities as desired and will be followed up with detailed meeting minutes and action item lists. The following meetings are envisioned to support the project progression:

- Kick-off
- Presentation of data from engineering investigations
- Preliminary design submission
- Construction phasing and operational coordination
- Final Design submission
- Periodic status calls and meetings, as needed

TASK 2: DESIGN SERVICES

Preliminary Design

This task will include the preparation of a preliminary design package to allow the Port Authority to review the general configuration, major components, and features of the project. This submission will include preliminary design plans, technical specifications and an opinion of the construction cost. The following tasks are included within the preliminary design task:

- Development of a basis of design that documents the controlling environmental and operational load cases. This document provides a narrative of the design approach including a list of applicable codes and specific requirements of how the facility may be loaded. This document serves as a guide to assure a clear understanding between the owner and engineer. As changes are made this document will be updated and serve as part of the engineering record to support future changes and modifications to the facility.

- Preliminary engineering calculations of the primary load bearing members to identify the overall geometry of the facility and size of primary structural members. The calculations will include the strength of existing elements contemplated for reuse and proposed materials and structural members in relation to the environmental and operational loading cases.
- Preliminary design plans depicting the bulkhead replacement to allow the development of construction cost estimates.
- Preliminary technical specifications for all major construction tasks.
- Preliminary opinion of the probable construction costs based on a competitive bid environment by qualified marine contractors, corresponding to the level of design progression.

Final Design

This task will include the preparation of a final design package to allow the Port Authority to review and validate the status and direction of the bulkhead replacement project. This submission will include final design plans, technical specifications and an opinion of the construction cost. Deliverables developed by AME for this task are considered final in form and would serve as an opportunity for the Port Authority to provide review comments to be incorporated into the bid package by AME. It is expected that at this stage no major changes in the program would occur and changes would generally be minor adjustments. Activities included in this task consist of:

- Updating of the basis of design.
- Preparation of final engineering calculations.
- Preparation of final design plans including required details to allow bidding by qualified marine contractors. Design plans will be completed in AutoCAD following AME's in-house drafting and electronic file management standards.
- Preparation of final technical specifications completed using the standardized SPECSINTACT system, saved to PDF format for reproduction.
- Preparation of AME's opinion of the probable construction costs based on a competitive bid environment by qualified marine contractors.

Construction Documents

This task will include the preparation of contract documents suitable for bidding. Deliverables associated with this task consist of a submission that is essentially an update of the final design submission incorporating PDA-DPH comments. Deliverables include:

- Contract Document design plans and specifications
- Updated opinion on the probable construction cost
- Bidding Documents

TASK 3: REGULATORY PERMITTING SUPPORT

In concert with the design progression, regulatory support activities will be completed to secure the necessary environmental permits to allow the completion of the construction. The regulatory activities will include meeting and coordinating with the various authorities to provide brief on the project and develop an understanding of any regulatory requirements to support the development of required permit applications.

Permit applications will be submitted to the following pertinent federal, state, and local regulatory authorities:

- US Army Corps of Engineers
- New Hampshire Department of Environmental Services
- Town of Portsmouth Conservation Commission
- Coastal Zone Management Certification
- Water Quality Certification

Permit support will continue after submission of applications to provide additional information and respond to questions.

TASK 4: CONSTRUCTION SERVICES

Solicitation

This task is intended to assist the owner in bidding and securing a qualified contractor to complete the construction. The following tasks are included:

- Developing a list of qualified marine contractors and assisting the owner with outreach to contact qualified contractors and encourage a competitive bid environment.
- Holding a pre-bid meeting onsite
- Preparing responses to questions from prospective bidders in the form of addenda.
- Reviewing contractor bids, compiling a bid comparison including the base bids and options to assist the owner in selecting a contractor for the project.

Construction Phase Services

Services under this task involve consulting with and advising the client during construction. The services under this task are limited to the level of engagement and awareness that the engineer is only knowledgeable of the onsite construction work based on submittals and RFI's from the contractor, and periodic site visits to assess the level of completion and become generally familiar with the quality of work. During this phase the contractor is responsible for notifying the owner of conflicts or issues with the construction that require engagement by the engineer, as well as the construction means, methods, techniques, sequences, or procedures and site safety.

This task includes the following activities as requested by the owner, up to the hourly limits indicated:

- Reviewing for compliance with overall design intent, shop drawings, material certifications and other submittals by the contractor. A total of 40 hours has been allocated for this task and may need to be modified through Change Order if excessive resubmittals are required.

- Visiting the project site at appropriate intervals as construction proceeds to observe and report on the progress and the overall quality of the completed work. The visits are anticipated to occur 2-3 times per week depending on the activities occurring at the site. If additional visits are required as requested by the owner due to quality of work concerns or delay in the progression of construction, a modification may be processed to add additional visits.
- Assisting with office administration of the contract, including assisting the owner with the review of pay requests by the contractor.
- Making a final visit and reporting on the level of completion. This final visit will be completed after the contract is substantially complete and will serve to assist the owner in developing a punch list of work items requiring completion or re-work.

DELIVERABLES

The deliverables for this project are further detailed in Tasks 1-4 and will be submitted electronically as PDFs and in hard copy as necessary.

SUB-CONSULTANTS

The following sub-consultants are envisioned to be used to support AME's services and it is our understanding that this is acceptable to the owner.

- Oak Point Associates to provide utility engineering services
- SW Cole to complete geotechnical explorations
- Doucet Survey to provide survey services

EXCLUSIONS AND CLARIFICATIONS

This proposal is based on the following considerations:

Construction duration is estimated to range between 6 and 8 months and if challenges during construction require a substantial extension to the schedule a modification to our contract may be processed to provide additional construction support services.

No specific environmental studies are known to be required such as underwater benthic surveys or other studies and therefore not included within this proposal.

SCHEDULE

We have developed the following schedule based on our experience and a project progression allowing generous owner engagement and reviews. If the below schedule is not tenable, we suggest meeting and evaluating approaches to accelerate as needed.

Preliminary Design	60 days from NTP
Permitting	120 days from submission of permit applications
Final Design	75 days from receipt of preliminary design review comments
Contract Documents	14 days from receipt of comments on Final Design

FEES FOR CONSULTING SERVICES

Fees for consulting services will be in accordance with the following schedule on a firm fixed fee basis. The fixed fee includes all labor, reimbursable, and equipment expenses required to complete the work.

BASE SERVICES

Task 1 – Engineering Services	\$ 55,870
Task 2 – Design Services	\$ 29,513
Task 3 – Regulatory Permitting	\$ 146,136
Task 4 – Construction Support Services	\$ 92,527
TOTAL BASE FEES	\$324,046

Prompt payment of invoices is necessary for us to maintain a schedule and provide responsible service. We will invoice monthly for our engineering services and reimbursable expenses. Payment is due within thirty (30) days of date of invoice.

Thank you for giving us the opportunity to present a proposal for this work.

If you have any questions or require additional information, please do not hesitate to contact me.

Regards,



Noah J. Elwood, P.E.
President

This Proposal is subject and subordinate to the Agreement for Marine Engineering Services between the Parties dated July 1, 2017

A&E FEE PROPOSAL WORKSHEET

FIRM NAME: Appledore Marine Engineering, LLC
Owner: PDA Division of Ports & Harbors
Project Title: Bulkhead Facility Replacement - Portsmouth Fish Pier
DATE: October 8, 2019

Engineering Services	\$55,870
Regulatory Permitting	\$29,513
Design Services	\$146,136
Construction Support Services	\$92,527

TOTAL **\$324,046**

Engineering Services							
LABOR							
Engineering Discipline		Archive Record Rev		Design Level Inspection		Survey Coord / QC	
Rate	Hours	Salary	Hours	Salary	Hours	Salary	
Principal	\$91.28	0	\$0	0	\$0	0	\$0
Project Manager/Diver	\$80.12	2	\$160	8	\$641	4	\$320
Sr. Engineer/Diver	\$72.16	4	\$289	8	\$577	8	\$577
Engineer/Diver	\$52.03	0	\$0	16	\$832	0	\$0
Technician/Diver	\$45.66	2	\$91	0	\$0	0	\$0
CADD Tech/Diver	\$33.94	0	\$0	0	\$0	0	\$0
Clerical	\$26.03	0	\$0	0	\$0	0	\$0
Subtotals:		8	\$540	32	\$2,051	12	\$898
Engineering Discipline		Utility investigation		Geotechnical Coord/QC		Meetings	
Rate	Hours	Salary	Hours	Salary	Hours	Salary	
Principal	\$91.28	0	\$0	0	\$0	0	\$0
Project Manager/Diver	\$80.12	4	\$320	4	\$320	16	\$1,282
Sr. Engineer/Diver	\$72.16	8	\$577	8	\$577	32	\$2,309
Engineer/Diver	\$52.03	12	\$624	0	\$0	0	\$0
Technician/Diver	\$45.66	0	\$0	0	\$0	0	\$0
CADD Tech/Diver	\$33.94	0	\$0	12	\$407	16	\$543
Clerical	\$26.03	0	\$0	0	\$0	0	\$0
Subtotals:		24	\$1,522	24	\$1,305	64	\$4,134
Subtotal for Labor:		164	\$10,450				
Overhead:	144.75%		\$15,126				
Profit:	10.0%		\$2,558				
Total Cost for Labor:			\$28,134				

TRAVEL AND PER DIEM		
Item	Expense	Cost
Per Diem:		\$0
Rate:	\$0	
# of Persons:	0	
# of Days:	0	
Airfare:		\$0
Rate:	\$0	
Excess Baggage:	\$0	
# of Round Trips:	0	
Vehicle Rental:		\$0
Rate:	\$0	
Gas:	\$0	
# of Days/wks:	0	
Mileage		\$0
Rate:	\$0.00	
Miles	0	
Airport Parking		\$0
Rate:	\$0.000	
# Days:	0	
Total for Travel:		\$0

DIRECT COSTS FOR FIELD WORK		
Item	Expense	Cost
Survey		\$11,567
Doucet	\$10,515	
Geotechnical		\$16,170
SW Cole	\$14,700	
Total for Direct Costs:		\$27,737

REPRODUCTION COSTS			
Item	Unit	Price/Unit	Cost
Deliverable	0		
Report (Color)	0	\$1.00	\$0
Specs, Reports (B&W)	0	\$0.75	\$0
Plans (11x17)	0	\$1.50	\$0
Plans (22x34)	0	\$3.00	\$0
CD-ROM:	0	\$4.00	\$0
			\$0
			\$0
Total Cost for Reproduction:			\$0

TOTAL ENGINEERING SERVICES:	\$55,870
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Design Services

LABOR							
Engineering Discipline	Rate	Design Calculations		Preliminary Submission		Final Submission	
		Hours	Salary	Hours	Salary	Hours	Salary
Principal	\$91.28	8	\$730	8	\$730	8	\$730
Project Manager/Diver	\$80.12	16	\$1,282	32	\$2,564	32	\$2,564
Sr. Engineer/Diver	\$72.16	48	\$3,464	104	\$7,505	104	\$7,505
Engineer/Diver	\$52.03	32	\$1,665	96	\$4,995	96	\$4,995
Technician/Diver	\$45.66	0	\$0	80	\$3,653	80	\$3,653
CADD Tech/Diver	\$33.94	8	\$272	24	\$815	24	\$815
Clerical	\$26.03	0	\$0	0	\$0	0	\$0
Subtotals:		112	\$7,412	344	\$20,261	344	\$20,261
Engineering Discipline	Rate	Bidding Documents		QA/QC		Hours	Salary
		Hours	Salary	Hours	Salary		
Principal	\$91.28	4	\$365	4	\$365	0	\$0
Project Manager/Diver	\$80.12	8	\$641	0	\$0	0	\$0
Sr. Engineer/Diver	\$72.16	32	\$2,309	16	\$1,155	0	\$0
Engineer/Diver	\$52.03	16	\$832	0	\$0	0	\$0
Technician/Diver	\$45.66	0	\$0	0	\$0	0	\$0
CADD Tech/Diver	\$33.94	12	\$407	8	\$272	0	\$0
Clerical	\$26.03	0	\$0	0	\$0	0	\$0
Subtotals:		72	\$4,555	28	\$1,791	0	\$0
Subtotal for Labor:		900	\$54,280				
Overhead:	144.75%		\$78,571				
Profit:	10.0%		\$13,285				
Total Cost for Labor:			\$146,136				

TRAVEL AND PER DIEM		
Item	Expense	Cost
Per Diem:		\$0
Rate:	\$0	
# of Persons:	0	
# of Days:	0	
Airfare:		\$0
Rate:	\$0	
Excess Baggage:	\$0	
# of Round Trips:	0	
Vehicle Rental:		\$0
Rate:	\$0	
Gas:	\$0	
# of Days/wks:	0	
Mileage		\$0
Rate:	\$0.00	
Miles:	0	
Airport Parking		\$0
Rate:	\$0.000	
# Days:	0	
Total for Travel:		\$0

DIRECT COSTS FOR FIELD WORK		
Item	Expense	Cost
Total for Direct Costs:		\$0

REPRODUCTION COSTS			
Item	Unit	Price/Unit	Cost
Deliverable	0		
Report (Color)	0	\$1.00	\$0
Specs, Reports (B&W)	0	\$0.75	\$0
Plans (11x17)	0	\$1.50	\$0
Plans (22x34)	0	\$3.00	\$0
CD-ROM:	0	\$4.00	\$0
			\$0
			\$0
Total Cost for Reproduction:			\$0

TOTAL ENGINEERING SERVICES:	\$146,136
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Regulatory Permitting

LABOR

Engineering Discipline	Rate	Agency Coordination		Permit Research		Permit Development	
		Hours	Salary	Hours	Salary	Hours	Salary
Principal	\$91.28	0	\$0	0	\$0	1	\$91
Project Manager/Diver	\$80.12	4	\$320	0	\$0	8	\$641
Sr. Engineer/Diver	\$72.16	8	\$577	4	\$289	12	\$866
Engineer/Diver	\$52.03	0	\$0	8	\$416	32	\$1,665
Technician/Diver	\$45.66	0	\$0	0	\$0	0	\$0
CADD Tech/Diver	\$33.94	2	\$68	6	\$204	16	\$543
Clerical	\$26.03	0	\$0	0	\$0	6	\$156
Subtotals:		14	\$966	18	\$909	75	\$3,962

Engineering Discipline	Rate	Follow-up		Meetings		Hours	Salary
		Hours	Salary	Hours	Salary		
Principal	\$91.28	1	\$91	0	\$0	0	\$0
Project Manager/Diver	\$80.12	8	\$641	12	\$961	0	\$0
Sr. Engineer/Diver	\$72.16	16	\$1,155	24	\$1,732	0	\$0
Engineer/Diver	\$52.03	0	\$0	0	\$0	0	\$0
Technician/Diver	\$45.66	6	\$274	0	\$0	0	\$0
CADD Tech/Diver	\$33.94	4	\$136	4	\$136	0	\$0
Clerical	\$26.03	0	\$0	0	\$0	0	\$0
Subtotals:		35	\$2,297	40	\$2,829	0	\$0

Subtotal for Labor:		182	\$10,962				
Overhead:	144.75%		\$15,868				
Profit:	10.0%		\$2,683				
Total Cost for Labor:			\$29,513				

TRAVEL AND PER DIEM

Item	Expense	Cost
Per Diem:		\$0
Rate:	\$0	
# of Persons:	0	
# of Days:	0	
Airfare:		\$0
Rate:	\$0	
Excess Baggage:	\$0	
# of Round Trips:	0	
Vehicle Rental:		\$0
Rate:	\$0	
Gas:	\$0	
# of Days/wks:	0	
Mileage		\$0
Rate:	\$0.00	
Miles	0	
Airport Parking		\$0
Rate:	\$0.000	
# Days:	0	
Total for Travel:		\$0

DIRECT COSTS FOR FIELD WORK

Item	Expense	Cost
Total for Direct Costs:		\$0

REPRODUCTION COSTS

Item	Unit	Price/Unit	Cost
Deliverable	0		\$0
Report (Color)	0	\$1.00	\$0
Specs, Reports (B&W)	0	\$0.75	\$0
Plans (11x17)	0	\$1.50	\$0
Plans (22x34)	0	\$3.00	\$0
CD-ROM:	0	\$4.00	\$0
			\$0
			\$0
Total Cost for Reproduction:			\$0

TOTAL ENGINEERING SERVICES: \$29,513

Construction Support Services							
LABOR							
Engineering Discipline	Rate	Solicitation Support		Construction Submittals		Construction RFI's	
		Hours	Salary	Hours	Salary	Hours	Salary
Principal	\$78.08	4	\$312	8	\$625	4	\$312
Project Manager/Diver	\$66.09	8	\$529	24	\$1,586	16	\$1,057
Sr. Engineer/Diver	\$53.42	16	\$855	64	\$3,419	32	\$1,709
Engineer/Diver	\$43.55	24	\$1,045	48	\$2,090	24	\$1,045
Engineer Tech	\$30.59	0	\$0	0	\$0	0	\$0
Clerical	\$24.80	4	\$99	12	\$298	8	\$198
	\$0.00	0	\$0	0	\$0	0	\$0
Subtotals:		56	\$2,840	156	\$8,018	84	\$4,323
Engineering Discipline	Rate	Construction Observation		Administration			
		Hours	Salary	Hours	Salary	Hours	Salary
Principal	\$78.08	8	\$625	4	\$312	0	\$0
Project Manager/Diver	\$66.09	24	\$1,586	24	\$1,586	0	\$0
Sr. Engineer/Diver	\$53.42	124	\$6,624	48	\$2,564	0	\$0
Engineer/Diver	\$43.55	124	\$5,400	0	\$0	0	\$0
Engineer Tech	\$30.59	0	\$0	0	\$0	0	\$0
Clerical	\$24.80	0	\$0	24	\$595	0	\$0
	\$0.00	0	\$0	0	\$0	0	\$0
Subtotals:		280	\$14,235	100	\$5,058	0	\$0
Subtotal for Labor:		676	\$34,474				
Overhead:	144.0%		\$49,642				
Profit:	10.0%		\$8,412				
Total Cost for Labor:			\$92,527				

TRAVEL AND PER DIEM		
Item	Expense	Cost
Per Diem:		\$0
Rate:	\$0	
# of Persons:	0	
# of Days:	0	
Airfare:		\$0
Rate:	\$0	
Excess Baggage:	\$0	
# of Round Trips:	0	
Vehicle Rental:		\$0
Rate:	\$0	
Gas:	\$0	
# of Days/wks:	0	
Mileage		\$0
Rate:	\$0.00	
Miles	0	
Airport Parking		\$0
Rate:	\$0.000	
# Days:	0	
Total for Travel:		\$0

DIRECT COSTS FOR FIELD WORK		
Item	Expense	Cost
Total for Direct Costs:		\$0

REPRODUCTION COSTS			
Item	Unit	Price/Unit	Cost
Deliverable	0		
Report (Color)	0	\$1.00	\$0
Specs, Reports (B&W)	0	\$0.75	\$0
Plans (11x17)	0	\$1.50	\$0
Plans (22x34)	0	\$3.00	\$0
CD-ROM:	0	\$4.00	\$0
			\$0
			\$0
Total Cost for Reproduction:			\$0

TOTAL ENGINEERING SERVICES:	\$92,527
------------------------------------	-----------------

MOTION

Director Loughlin:

The Pease Development Board of Directors ratifies execution of and approves the Agreement entered into by the Executive Director with Pepperrell Cove Marine Services, Inc. to perform mooring removal and re-installation work in Hampton and Seabrook Harbors for the purpose of facilitating the dredging work in connection with the Hampton/ Seabrook Harbor dredge project, all in accordance with the memorandum of Geno J. Marconi, Division of Ports and Harbors Director, dated October 9, 2019, attached hereto.

To: Pease Development Authority (PDA) Board of Directors
From: Geno J. Marconi, Division Director *GM(BT)*
Re: Pepperrell Cove Marine Services
Date: October 9, 2019

The dredging of Hampton/Seabrook Harbor is starting this month and expected to run through this coming winter. In order for dredging to commence, the moorings in the harbor need to be removed. PDA Division of Ports and Harbors solicited bids for the mooring removal and replacement. Pepperrell Cove Marine Services of Newington was the lowest responsive bidder. The contract with Pepperrell Cove is based on a per mooring removal charge and per mooring replacement charge. Therefore, the contract total will ultimately depend on the total number of moorings removed and replaced.

Given timing concerns with the commencement of the dredging project, there is a need to get the mooring removal process started during the week of October 7th. As such, on October 8, 2019, Board Member Peter Loughlin approved work to commence under the attached contract up to the \$10,000.00 threshold amount.

Given total contract costs are expected to ultimately exceed the \$10,000.00 level, I am requesting that at the October 17, 2019, meeting the PDA Board of Directors ratify execution of and approve the contract with Pepperrell Cove Marine Services for mooring removal and replacement in Hampton/Seabrook Harbor in order to facilitate dredging operations.

AGREEMENT

THIS AGREEMENT, made effective this 4 day of October, 2019, between the PEASE DEVELOPMENT AUTHORITY- DIVISION OF PORTS AND HARBORS, an agency of the State of New Hampshire established pursuant to N.H. RSA 12-G:1 et. seq. with a principal place of business at 55 International Drive, Portsmouth, New Hampshire 03801 ("PDA-DPH" or "Owner") and Pepperrell Cove Marine Services, Inc. of 325 Gosling Road, Newington, NH 03801 ("Contractor").

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned:

1. The Contractor will perform mooring removal and re-installation work in Hampton and Seabrook Harbors in accordance with the Owner's specifications and requirements and Contractor's Bid Proposal which meet or exceed the requirements of the Contract Documents, as that term is defined in Section 4 of this Agreement (the "Project").
2. The Contractor will commence work in accordance with the Contract Documents and shall commence work hereunder upon issuance of a Notice to Proceed from the Owner.
3. The Contractor agrees to comply with the terms of the Contract Documents and to perform all of the work described in the Contract Documents and shall be paid for each mooring which is removed and re-installed as well as any ghost moorings which are discovered based upon and in accordance with the Owner's Request for Bids and the Contractor's Bid Proposal (the "Contract Price").
4. The term "Contract Documents" means and includes the following:
 - (A) Agreement
 - (B) Owner's Request for Bids dated September 6, 2019 (attached hereto)
 - (C) Contractor's Bid Proposal dated September 17, 2019 (attached hereto)
 - (D) Notice to Proceed (may be given verbally or in writing)
 - (E) Change Order(s) (if applicable)
 - (F) Insurance Requirements (attached hereto)
 - (G) Insurance Certificate(s) (attached hereto)
5. The Contractor will furnish all of the materials, supplies, tools, equipment, labor, supervision and other items and services necessary for the completion of the Project, except as otherwise set forth in the Contract Documents.
6. Upon satisfactory completion of each phase of the work under the terms of this Agreement, (i.e., removal and re-installation) Contractor shall provide PDA-DPH with a bill for services specifying the specific number of moorings removed and/or re-installed. PDA-DPH agrees to pay Contractor within thirty (30) days of the receipt of a bill for services.

7. This Agreement is not assignable by the Contractor without the written consent of the Owner and any attempt at assignment without such consent is void.

8. This Agreement shall be binding upon all parties hereto and their respective heirs, executors, administrators, successors, and assigns.

9. This Agreement is executed in a number of counterparts, each of which is an original and constitutes the entire agreement between the parties. This Agreement shall be construed according to the laws of the State of New Hampshire. No portion of this Agreement shall be understood to waive the sovereign immunity of the State. This Agreement shall not be amended or modified except by an agreement in writing signed by the parties.

10. Insurance.

During the term of this Agreement the Contractor shall maintain, at its expense, adequate insurance coverage in an amount of \$2,000,000 with an insurance company or companies acceptable to the Owner to cover the liability accepted by the Contractor in the indemnity provisions of this Agreement in accordance with the insurance requirements set forth herein and attached to this Agreement as referenced in Section 4.F. above.

- a. All such policies of insurance shall be effected under valid and enforceable policies, in such forms and amounts as may, from time to time, be required under this Agreement, issued by insurers of recognized responsibility which are authorized to transact such insurance coverage in the State of New Hampshire, and which have been approved in writing by the Owner which approval shall not be withheld unreasonably. All such policies of insurance (other than workers' compensation insurance) shall name the Owner and the State of New Hampshire as additional insureds. All such policies of insurance shall contain a description of the Project. Upon the execution of this Agreement (and thereafter not less than fifteen (15) days prior to the expiration date of each policy pursuant to this clause) a certificate of insurance, which delineates requisite coverages, reasonably satisfactory to the Owner bearing a notation evidencing the payment of the premium or accompanied by other evidence reasonably satisfactory to the Owner of such payment shall be delivered by the Contractor to the Owner.
- b. Each such policy or certificate therefor issued by the insurer shall contain:
 - (i) a provision that no act or omission of Contractor, or any employee, officer or agent of the Contractor 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 the Owner;

- (iii) a provision that the insurer shall have no right of subrogation against Owner and the State of New Hampshire; and,
 - (iv) a provision that the insurance shall be primary and non-contributing with respect to any coverages carried by Owner, whether self-insured or otherwise.
- c. The Contractor shall observe and comply with the requirements of all policies of insurance at any time in force with respect to this Agreement and shall also perform and satisfy the requirements of the companies writing such policies so that at all times companies of good standing reasonably satisfactory to the Owner shall be willing to write or to continue such insurance.
- d. The Contractor shall either:
- (i) require each of its subcontractors to procure and to maintain during the life of his subcontract the type and amounts of insurance specified above; or
 - (ii) insure the activities of its subcontractor in the Contractor's policy.

11. Indemnification.

The Contractor shall indemnify, hold harmless and defend the Owner and the State of New Hampshire, their officers, board members, agents and employees (the "Indemnitees") from and against all losses, suits, claims, liabilities, penalties, fines, judgments, costs and expenses, including without limitation attorneys' fees, consultants' fees and experts' fees arising out of, or in any manner predicated upon personal injury, death or property damage resulting from, related to, caused by or arising out of (or which may be claimed to arise out of) the Contractor's performance of its obligations under this Agreement; and is caused in whole or in part by any negligent or willful act or omission of the Contractor, its subcontractors, anyone directly or indirectly employed by either the Contractor or its subcontractors, or anyone for whose acts any of the foregoing may be liable. The agreements contained in the preceding sentence do not extend to claims for damages caused by gross negligence or willful misconduct of the Indemnitees without contributory fault on the part of any person, firm or corporation.

In any and all claims against the Indemnitees or any one of the Indemnitees by any employee of the Contractor, its subcontractors, anyone directly or indirectly employed by an employee or subcontractor of the Contractor, or anyone for whose acts of such employees and subcontractors may be liable, the indemnification obligation shall not be limited in any way by a limitation on the amount of damages, compensation or benefits payable by or for the Contractor or any subcontractor under workers' compensation acts, disability benefit acts or other employee benefits acts.

In the event that any action or proceeding is brought against the Indemnitees or any one of the Indemnitees by reason of any matter for which the Contractor has hereby agreed to indemnify, hold harmless and defend, the Contractor, upon notice from the Indemnitees or any one of them, covenants to resist or defend such action or proceeding with counsel acceptable to the Indemnitees or any one of them as the case may be.

Notwithstanding the foregoing, nothing herein shall be deemed to constitute a waiver of the sovereign immunity of the State of New Hampshire which is hereby reserved to the State of New Hampshire.

The provisions of this indemnification shall survive the expiration or termination of this Agreement, and the Contractor's obligations hereunder shall apply whenever any one of the Indemnitees incur costs or liabilities described above.

12. Default and Termination.

If the Contractor:

- a. fails to begin work under this Agreement within the time specified in the notice to proceed;
- b. fails to perform the work with sufficient workers and equipment or with sufficient materials to assume prompt completion of said work;
- c. performs the work unsuitably, or neglects or refuses to remove material or to perform anew such work as may be rejected as unacceptable or unsuitable;
- d. discontinues the prosecution of the work;
- e. fails to resume work which has been discontinued, within a reasonable time after notice to do so;
- f. becomes insolvent or is declared bankrupt, or commits any act of bankruptcy or insolvency;
- g. makes an assignment for the benefit of creditors; or
- h. for any other cause whatsoever, fails to carry on the work in an acceptable manner;

the Owner may give notice in writing to the Contractor of such delay, neglect or default. If the Contractor does not proceed in accordance with said notice, then the Owner will, upon written notification from its Representative of the fact of such delay, neglect or default and the Contractor's failure to comply with such notice, have full power and authority without violating this Agreement, to take the delivery of services out of the hands of the Contractor. The Owner may enter into an agreement for the completion of this Agreement according to the terms and conditions hereof, or use such other methods as in its opinion will be required for the completion of said Agreement in an acceptable manner.

All extra costs and charges incurred by the Owner as a result of such delay, neglect or default, together with the cost of completing the services under this Agreement will be deducted from any monies due or which may become due to Contractor. If such expense exceeds the sum which

would have been payable under this Agreement then the Contractor shall be liable and shall pay to the Owner the amount of such excess within thirty (30) days of notice from Owner.

13. Termination Without Fault.

Notwithstanding the default provisions of Section 12, the Owner, for any cause, including but not limited to an order of any federal authority or petition of the Contractor due to circumstances beyond its control, may by written notice to the Contractor terminate this Agreement or any portion thereof subject to condition (a) provided below.

Notwithstanding anything to the contrary contained in these conditions, it is understood and agreed by the parties hereto that all obligations of the Owner hereunder, including the continuance of payments, are contingent upon the availability and continued appropriation of State funds, and in no event shall Owner be liable for payments hereunder in excess of such available or appropriated funds. In the event of a reduction, termination or failure to appropriate any or all such available funds or appropriations or a reduction of expenditure of State funds, the Owner may, by written notice to the Contractor, immediately terminate this Agreement in whole or in part in accordance with the following conditions:

- a. When this Agreement, or any portion thereof, is terminated before completion of all items of work therein, payment will be made for the actual items of work completed. No claim for loss of anticipated profits on items or units of work not completed will be allowed.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Contract, effective on the date first above written.

Pease Development Authority

Date: 10/7/19

By: 

David R. Mullen
Executive Director

Pepperrell Cove Marine Services, Inc.

Date: Oct. 4, 2019

By: 

Print Name: Geoff Tortoriello
Print Title: Director of Operations
Duly Authorized

PEASE DEVELOPMENT AUTHORITY
DIVISION OF PORTS & HARBORS

REQUEST FOR BIDS

REMOVAL AND REPLACEMENT OF APPROXIMATELY 100
MOORINGS IN HAMPTON AND SEABROOK HARBORS

Specifications

September 6, 2019

I. GENERAL

These Specifications spell out the requirements of the Pease Development Authority, Division of Ports & Harbors (PDA-DPH or Division) for the removal and replacement of approximately 100 moorings (to include the block, chain, buoy, and any pick-up line or pennants) in Hampton and Seabrook Harbors in the Fall/Winter of 2019 and Winter/Spring of 2020, in order to facilitate the dredging of Hampton/Seabrook Harbor.

II. CONSTRUCTION REQUIREMENTS

A. Removal of Mooring Blocks and Hardware: The Division will provide the Contractor with a sketch map of the approximate location of the moorings that will need to be removed. The Division will notify all permit holders that their moorings will be removed to allow dredging activities to proceed. At the time of removal and replacement the Hampton and Seabrook Harbormasters will be present and observe the operation. Damage to any mooring and the source of said damage will be identified by the Harbormasters, in their sole discretion, at the time of removal/replacement.

The mooring blocks and hardware will be stored by the Contractor on land at the Yankee Cooperative in Seabrook (for Seabrook moorings), and at the State Pier in Hampton (for Hampton moorings) as indicated on the attached diagram. A written inventory of all moorings (including their removal and replacement dates) and their storage location shall be maintained by the Contractor throughout the removal and replacement process, a copy of which shall be made available to the Division upon request. Any changes to mooring storage location must be agreed upon by the Division.

The removal and replacement of moorings shall be scheduled in a manner to minimize impacts and delays to the dredging operations and the use of moorings. The removal and replacement of moorings will be phased so that the use of moorings is reasonably maintained during dredging. The Contractor will coordinate with the

Division and Harbormasters on the project timetable and mooring removal/replacement phasing. Time is of the essence in performing the removal and replacement work pursuant to the Division's schedule.

The Contractor must be able to respond on-site within 24 hours in the event that an unidentified mooring is discovered during the dredge, weekends and holidays included.

- B. Replacement of Mooring Blocks and Hardware: Upon completion of dredging and after an area has been finally accepted the Contractor will promptly replace the moorings within the anchorages at coordinate points to be provided by the Division. The Contractor will be responsible for locating the moorings in accordance with the layout provided by the Division, subject to the approval of the Harbormasters.
- C. Repairs: The Contractor will be required to exercise reasonable care in handling the moorings during both their removal and replacement. The Contractor will be responsible for repairing any damage incurred during removal/replacement that was the fault of Contractor, as determined by the Harbormasters at the time of removal/replacement in their sole discretion. Repairs are to be made to the satisfaction of the Harbormasters.

IV. INSURANCE

A. Contractor shall maintain

- 1. Comprehensive General Liability Insurance, on an occurrence basis (including vendor's coverage) in an amount of not less than \$2,000,000 each occurrence, \$2,000,000 products aggregate, and \$2,000,000 general aggregate.
- 2. Workers Compensation coverage for all personnel performing work under the Contract consistent with the requirements of State Law (state law exclusion from coverage for proprietors/partners/executive officers not permitted).

All policies of insurance shall be effected under valid and enforceable policies, issued by insurers of recognized responsibility which are authorized to transact such insurance coverage in the State of New Hampshire.

The general liability policies of insurance required shall be for the mutual benefit of Contractor and the PDA-DPH with the PDA-DPH named as additional insured. Each such policy or certificate therefor issued by the insurer shall contain: (i) a provision that no act or omission of Contractor, or any employee, officer or agent of Contractor, which would otherwise result in forfeiture or reduction of the insurance therein provided shall affect or limit the obligation of the insurance company to pay the amount of any loss

sustained, (ii) an agreement by the insurer that such policy shall not be canceled without at least thirty (30) days prior written notice by registered mail to PDA-DPH, (iii) provide that the insurer shall have no right of subrogation against PDA-DPH, and (iv) a provision that any liability coverage required to be carried shall be primary and noncontributing with respect to any insurance carried by the PDA-DPH.

V. **BID SUBMITTAL**

The attached bid form is required for this bid and must be delivered to the following address not later than 3:00 PM local time on Friday, September 27, 2019, at which time they will be opened publicly and read aloud.

Pease Development Authority
Division of Ports & Harbors
REMOVAL AND REPLACEMENT OF APPROXIMATELY 100 MOORINGS IN
HAMPTON AND SEABROOK HARBORS
555 Market Street
Portsmouth, NH 03801

Bids must be enclosed in sealed envelopes (inner and outer) both of which must be clearly labeled "Bid Documents Submitted by (vendor's name) for the removal and replacement of approximately 100 moorings in Hampton and Seabrook Harbors.

Before preparing the bid vendors should carefully examine the Removal/Replacement Requirements. Any/all Contractor charges shall be included in the proposed per mooring removal/replacement cost.

In the event the Contractor discovers discrepancies or omissions in the requirements, or is in doubt as to the intent, the Contractor should contact the Chief Harbormaster or his/her designee at (603) 436-8500. Any discrepancies or omissions discovered will be immediately forwarded to all persons who have received the specifications directly from the PDA-DPH.

PEASE DEVELOPMENT AUTHORITY

REMOVAL AND REPLACEMENT OF APPROXIMATELY 100
MOORINGS IN HAMPTON AND SEABROOK HARBORS

BID FORM

09/6/19

The UNDERSIGNED does hereby certify that the work to be performed for the Pease Development Authority – Division of Ports and Harbors (PDA-DPH) meets all of the specifications and requirements.

The UNDERSIGNED hereby certifies that no employee, officer, or agent of the PDA-DPH, nor any member of their immediate family, has any interest in the award of a contract herein; nor is any such employee, officer, or agent employed by or about to become an officer or employee of any person, firm, partnership or corporation which may benefit from the award of the contract herein.

This certification is based on the foregoing issued before execution of this bid form, and any amendments hereafter to be made.

The PDA will award a contract for the: **REMOVAL AND REPLACEMENT OF APPROXIMATELY 100 MOORINGS IN HAMPTON AND SEABROOK HARBORS** to the lowest qualified bidder.

The PDA reserves the right to reject any and all bids or to waive any informalities.

NOTE: Bids must be enclosed in sealed envelopes (inner and outer) both of which must be clearly labeled “Bid Documents Submitted by (vendor’s name) for the Removal And Replacement Of Approximately 100 Moorings In Hampton And Seabrook Harbors.”

ITEM 1: Unit price for Removal And Replacement Of Approximately 100 Moorings In Hampton And Seabrook Harbors according to the specifications contained herein:

Dollars: \$ _____ /Mooring (Removal)

\$ _____ /Mooring (Replacement)

(Unit price must be shown in both words and figures. In case of discrepancy the unit price shown in words will govern.)

Note: Bids must bear the handwritten signature of a duly authorized member of the organization making the bid.

DATE: _____

CONTRACTOR: _____

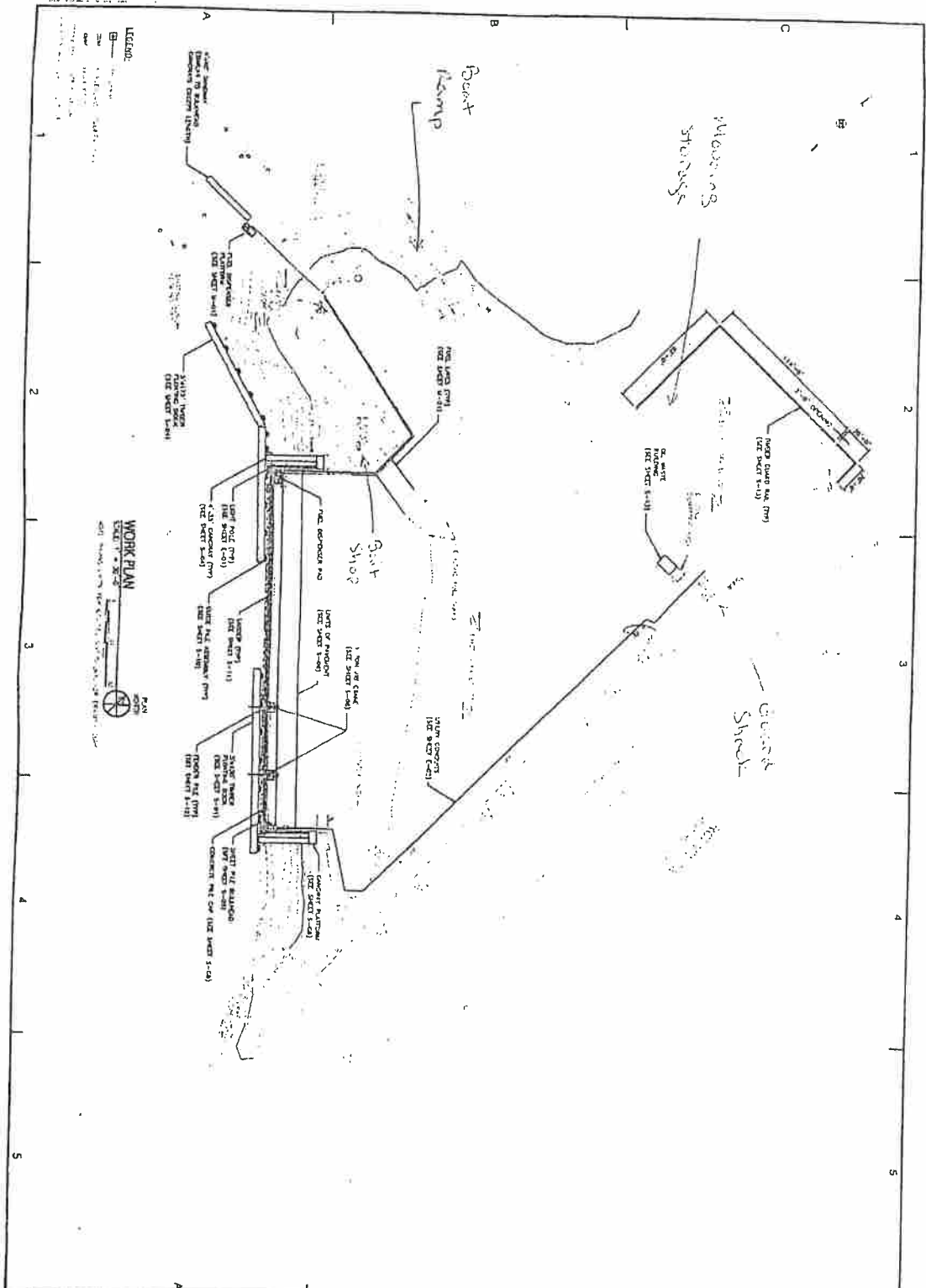
By: _____

(Its) _____

Address: _____

Phone: _____

Fax: _____



30-D PEASE DEVELOPMENT AUTHORITY DIVISION OF PORTS AND HARBORS, 310 MARKET STREET, PORTSMOUTH NH WATERFRONT REHABILITATION PROJECT WORK OVERVIEW		Applied Science Engineering Inc. 400 North St. Suite 7 Portsmouth, NH 03801 603.751.1275 www.appliedscienceinc.com	DATE: 08/20/11 DRAWN BY: [Signature] CHECKED BY: [Signature]
		PROJECT NO.: 11-001 SHEET NO.: 30-D TOTAL SHEETS: 30-D	SCALE: AS SHOWN PROJECT LOCATION: WATERFRONT REHABILITATION

PEASE DEVELOPMENT AUTHORITY
REMOVAL AND REPLACEMENT OF APPROXIMATELY 100
MOORINGS IN HAMPTON AND SEABROOK HARBORS
BID FORM

09/6/19

The UNDERSIGNED does hereby certify that the work to be performed to the Pease Development Authority (PDA) meet all of the specifications and requirements.

The UNDERSIGNED hereby certifies that no employee, officer, or agent of the PDA, nor any member of their immediate family, has any interest in the award of a contract herein; nor is any such employee, officer, or agent employed by or about to become an officer or employee of any person, firm, partnership or corporation which may benefit from the award of the contract herein.

This certification is based on the foregoing issued before execution of this bid form, and any amendments hereafter to be made.

The PDA will award the contract for the REMOVAL AND REPLACEMENT OF APPROXIMATELY 100 MOORINGS IN HAMPTON AND SEABROOK HARBORS

to the lowest qualified bidder. The PDA reserves the right to reject any and all bids or to waive any informalities.

NOTE: Bids must be enclosed in sealed envelopes (inner and outer) both of which must be clearly labeled "Bid Documents Submitted by (vendor's name) for the Removal And Replacement Of Approximately 100 Moorings In Hampton And Seabrook Harbors

ITEM 1: Unit price for Removal And Replacement Of Approximately 100 Moorings In Hampton And Seabrook Harbors according to the specifications contained herein:

Dollars: \$ 470.00 Four Hundred Seventy Dollars/Mooring (Removal)

\$ 328.00 Three Hundred Twenty Eight ^{dollars} /Mooring (Replacement)

(Unit price must be shown in both words and figures. In case of discrepancy the unit price shown in words will govern.)

Note: Bids must bear the handwritten signature of a duly authorized member of the organization making the bid.

DATE: 9/17/19

CONTRACTOR: Pepperrell Cove Marine Services

By: [Signature]

(Its) Director of Operations

Address: 325 Gosling Rd.

Newington, NH

03801

Phone: (603) 373-6812

Fax: _____

EXHIBIT A

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 (PDA-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. **Certificate Holder:** Pease Development Authority, Division of Ports of Harbors
555 Market St.
Portsmouth, NH 03801
8. **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.
9. **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.
10. **Waiver of Subrogation:** With the exception of workers compensation coverage, a statement that a waiver of subrogation is included with respect to applicable coverage.
11. **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.

For questions, please contact the Pease Development Authority Legal Department at (603) 433-6348.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
7/2/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER International Special Risks 50 Salem Street Building B, 3rd Floor Lynnfield MA 01940		CONTACT NAME: Jami Marad PHONE (A/C, No, Ext): (781) 295-0270 FAX (A/C, No): (781) 246-7830 E-MAIL ADDRESS: jmarad@isr-insurance.com	
INSURED Pepperrell Cove Marine Services, Inc. 105 Bartlett Street - Rear Portsmouth NH 03801		INSURER(S) AFFORDING COVERAGE	
		INSURER A: Great American Insurance Company	NAIC # 22136
		INSURER B: New York Marine and General	NAIC # 16608
		INSURER C: Manufacturers Alliance Insurance Co	NAIC # 36897
		INSURER D: Markel International Insurance	
		INSURER E: American Longshore Mutual Assoc	
		INSURER F: Endurance American Insurance Co	NAIC # 10641

COVERAGES CERTIFICATE NUMBER: Blanket 19-20 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC <input checked="" type="checkbox"/> OTHER: Protection & Indemnity	X	Y	OMH 891-56-81	7/1/2019	7/1/2020	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000 P&I Limit \$ 1,000,000
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
F	<input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTIONS 10,000			OMX10013381601 ML201900001832	7/1/2019 7/1/2019	7/1/2020 7/1/2020	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	0487165Y WC coverage ALMA01208-06 USL&H coverage	7/1/2019 7/1/2019	7/1/2020 7/1/2020	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
D	Maritime Employers Liability (Jones Act)			B180620-039-19	7/1/2019	7/1/2020	any one accident/disease \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 30 day notice of cancellation except 10 days for non payment of premium.
 <C: WC Officer Exclusion applies only to State Act coverage. Officers are included under USL&H.>
 Pease Development Authority Division of Ports and Harbors and the State of New Hampshire are Additional Insured with Waiver of Subrogation on a Primary & Non-Contributory basis as respects GL coverage as their interests may appear subject to the terms, conditions, exclusions and endorsements set forth in the policy and as required by written contract.
 Excess Coverage is Follow Form.

CERTIFICATE HOLDER (603) 433-6317 Pease Development Authority Division of Ports and Harbors 55 International Drive Portsmouth, NH 03801	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Steve Macquarrie/JAMI <i>Stephen Macquarrie</i>
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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 Torr:

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

Note: Roll Call Vote

MOTION

Director Allard:

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 at the non-public session related to Security matters would, if disclosed publically, compromise the emergency functions pertaining to security; 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

