

LATE ITEM – IX.B.1.

MOTION

Director Lamson:

The Pease Development Authority Board of Directors hereby authorizes the Executive Director to complete negotiations with One New Hampshire Avenue LLC and to execute a 15-year lease extension regarding the premises located at 1 New Hampshire Avenue, Portsmouth, New Hampshire, on terms acceptable to the Executive Director and the General Counsel; substantially in accordance with the memorandum from Paul E. Brean, Executive Director, dated April 15, 2024; attached hereto.

MEMORANDUM

To: PDA Board of Directors

From: Paul E. Brean, Executive Director *lab*

Re: 1 New Hampshire Avenue – Lease Extension

Date: April 15, 2024

In June 2001, the Pease Development Authority (“PDA”) and One New Hampshire Avenue LLC, a Delaware limited liability company (“One NH”), entered into a lease agreement for property located at 1 New Hampshire Avenue for a term of up to 50 years, on which One NH constructed a commercial office building. At the time, the lease term was the longest allowed by the Federal Aviation Administration (“FAA”) in the Pease Business and Commercial Zone. The lease is based on a total acreage of 5.65 +/- acres and the lease rate adjusts annually at a rate equal to the lesser of CPI or 3%, not to exceed 12% in any 5-year period. One NH’s current per acre lease rate is consistent with the fair market value lease rate in the PDA’s Business and Commercial Zone and Industrial Zone. One NH is in the process of refinancing its development at 1 New Hampshire Avenue, as its existing mortgage is maturing. The new financing will replace the existing mortgage and include closing costs associated with the financing. As a condition of making the loan, the lender requires an additional 15 years on the lease term as security for the leasehold mortgage. These additional years would be subject to the same annual rent adjustments as under the current lease term.

In 2018, following lengthy discussions between the PDA and the FAA, the FAA agreed to permit leases in the PDA Business and Commercial Zone and Industrial Zone for terms up to 74 years. Consistent with the FAA’s authorization to permit terms beyond 50 years, and considering its lender’s requirement, One NH is seeking a 15-year extension on its current lease term (a total lease term of 65 years from 2001).

One NH is a valued tenant at Pease and 1 New Hampshire Avenue is Class A office space in a high visibility area on the Tradeport. PDA staff is supportive of the requested 15-year extension of the current lease term, consistent with FAA authorization. The extension would be accomplished through an amendment to the underlying lease agreement.

At the April 18, 2024, meeting of the PDA Board of Directors, please grant authority to negotiate and finalize a lease amendment with One NH to provide an additional 15 years to the existing lease term for the property at 1 New Hampshire Avenue.

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