

**MEETING MINUTES**  
**PORTSMOUTH ECONOMIC DEVELOPMENT COMMISSION**

June 4, 2010

@ Salient Surgical Technologies Offices

7:30 a.m.

Members Present: Dana Levenson, Chairman; Everett Eaton, Vice-Chairman; Nancy Novelline Clayburgh, Christine Dwyer, Josh Cyr, Susanne Delaney; Dr. Paul Harvey, Lisa DeStefano, Tim Allison, Ron Zolla, Robert Marchewka, John Bohenko

Chairman Levenson opened the meeting at 7:30 a.m. and thanked the Salient Surgical Technologies representatives for hosting the meeting.

**Approval of Draft Meeting Minutes of May 7, 2010**

Following a motion by Commissioner Delaney and a second by Commissioner DeStefano, the draft meeting minutes of May 7, 2010 were unanimously approved as written.

**Annual Pease Development Authority (PDA) Update**

Pease Development Authority (PDA) Executive Director David Mullen distributed copies of the FY 2009 Annual Report. He summarized the highlights of the year including a move to new corporate headquarters, completion of upgrades to the airport terminal, construction of a new Pease Golf Course clubhouse, construction of Great Bay Child Care Center and renovation and relocation of Great Bay Community College. He said that overall the year had been positive, and unlike during the previous recession in which the Tradeport companies lost 30% of the jobs, the current recession did not share this characteristic. Jobs have held steady at roughly 7,000 employees at 245 companies. And, the diversity of the companies represented at Pease including aviation, biotech, computer software, engineering, R&D, financial services, energy, real estate, healthcare, manufacturing insurance, education, and federal institutions further adds to the resilience during economic downturns.

On the business development front, the Tradeport was designated an Economic Revitalization Zone thereby adding an incentive to companies relocating or expanding at Pease. The renovation and relocation of Great Bay Community College has been a significant development as has the construction of the Northeast Rehabilitation Hospital. The technology incubator proposed by Mark Galvin promises to provide local space and services for growing technology start-ups.

Mr. Mullen responded to questions about vacancy at the former Celestica and Flextronics Buildings by stating that Kittery Trading Post is subletting 135,000 square feet of the Celestica building and, the Flextronics building is also tentatively leased. There is roughly 60 acres of developable land remaining on the non-airport side of the Tradeport and 100 acres on the airport side.

Financially, the PDA is self-sustaining as it has paid back the \$17 million it owed the State of NH. The businesses at Pease return roughly \$10 million per year to the State in business taxes and the City of Portsmouth receives approximately \$5.6 million per year under the services agreement. Mr. Levenson thanked Mr. Mullen for the report and for the excellent work he does at Pease Tradeport.

**Old Business**

*Maine - NH Bridge Connections Study Update* - Ms. Carmer reported that State DOT has determined that the deteriorated condition of the Memorial Bridge precludes it from merely being rehabilitated.

NH DOT Commissioner Campbell has indicated that the State will apply for TIGER II funds and use the \$45 million in state Garvee Bonds as match to leverage the state's application. Meanwhile, work continues on the Connections Study which is scheduled to complete its recommendations later this month.

*Update on the Downtown Parking Focus Group* – Commissioner Eaton reported that the draft parking focus report is still in progress.

### **New /Other Business**

#### *Economic Revitalization Zone (ERZ) Application Request for Commerce Way*

In an effort to reduce the vacancy rate at Commerce Way Business Park, the owners are in the midst of a major upgrade and re-branding of the office park. Currently the vacancy rate at the office park is 59%. The proposed upgrades include interior and exterior modifications to several of the office buildings as well as a completely new landscape design. The campus includes over 535,000 square feet of existing and proposed Class A office space. The building plans include energy star ratings and other environmentally responsible construction and operations. The owners have worked with the City to coordinate their improvements with the proposed Market St. Extension improvements and they have requested that the city apply to the State Department of Resources and Economic Development to designate the office park as Economic Revitalization Zone (ERZ).

Ms. Carmer reviewed the requirements and benefits of a property having ERZ status. The Economic Revitalization Zone Tax Credits (EZ Tax Credit) Program is a State of NH incentive program for businesses to create new jobs and expand the tax base. Businesses within an ERZ may be eligible for tax credits to be used against Business Profit Tax and Business Enterprise Tax in a qualifying Economic Revitalization Zone Tax Credits (EZ Tax Credit) Program project. The community where the property is located needs to make application to the Department of Resources & Economic Development and ask that a specific property be considered for the Economic Revitalization Zone Program.

For a project to qualify it must expand the commercial or industrial base of the state, create jobs in the state and meet one of the following criteria:

- Creates a new facility
- Makes expenditures to add buildings, machinery, or equipment to a facility that equal at least 50% of the market value.
- Make expenditures to alter or repair a facility that equal at least 50% of the market price.
- Makes expenditures to alter or repair a vacant facility equal to at least 20% of the market value of the facility.

Following a brief discussion of the advantages (relocation incentives and business tax credit) and disadvantages (reduced business tax revenue to the State) of applying for ERZ status, Assistant Mayor Novelline Clayburgh moved and Commissioner Zolla seconded the motion to recommend that the City Council submit an application for ERZ designation of Commerce Way Business Park. The motion carried unanimously.

**Confirm Next Meeting Date** The next scheduled meeting date is Sept. 3, 2010. However, being that Sept. 3rd is the beginning of Labor Day weekend, the Commission agreed to delay the meeting one week until September 10<sup>th</sup>.

### **Public Comment**

David Choate encouraged the EDC to study the regional picture of the commercial real estate market and promote the entire market stating that sometimes the properties outside of the Tradeport receive less attention. He suggested that the EDC invite the Economic Development commissioners and professionals from other seacoast communities to discuss the development opportunities and synergies in the region.

### **Business Discussion and Tour of Salient Surgical Technologies**

Salient Surgical Technologies Director of Operations David LeGault and Vice President of Operations Tad Vaughan provided an overview of Salient Surgical Technologies from its incubation in Dover to its growth and subsequent expansion to Pease Tradeport in 2008. They described the company's products and the growth of the medical device field as well as the desired workforce characteristics and qualifications. The company moved to Pease Tradeport to be close to the Massachusetts and Maine I-95 corridor and workforce. The company's main product is a sterile device that looks like a small hose that is connected to a generator and used in to curb blood loss from soft tissue during surgery. The device in affect "cauterizes" the tissue to retard bleeding which in turn reduces inflammation and decreases patient recovery time. The device must be replaced after each surgery. It costs \$50 to replace. The device is used in 500 of the top 1000 hospitals nationally. Five percent of the company's market is international. There is much growth potential in the international market which currently represents only 5% of company sales. Following the presentation and Q&A, the EDC was given a tour of the facility. Mr. Levenson thanked the Salient representatives for choosing the city for its business location and he gave them a small token of appreciation.

With no further business the meeting adjourned at 9:15 a.m.

Respectfully submitted,  
*Nancy M. Carmer*  
*Economic Development Program Manager*