

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

Thursday, January 18, 2018

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

I. Call to Order

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

II. Acceptance of Minutes: December 14, 2017

Director Torr moved and Director Loughlin seconded that **The Pease Development Authority Board of Directors hereby accepts the minutes of the December 14, 2017 Board meeting.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

III. Public Comments

There were no public comments. Director Lamson commended the Town of Londonderry for the appearance of the Londonderry High School band in the Rose Bowl parade.

IV. Old Business

There was no old business.

V. Finance Committee Report

A. Financial Reports

1. Operating Results for Five Month Period Ending November 30, 2017

Mr. Canner reported on the status of PDA FY18. The operating trends seen in the first four months of the year have continued. Operating revenues are slightly above budget by 3% and operating costs continue to trend slightly below operating budget by 1%. Operating revenues are \$216,000 greater than the budget primarily driven by the fee revenues received. Fee revenues consist of golf fees, golf memberships and of the \$130,000 positive variance, the Pease Golf Course (“Golf Course”) represents 80% of that variance. Fuel sales are up slightly. Last month at this point revenues were about 2%-2½% above budget. Expenses for the month cumulatively stay about 1% below budget. The impact looking from the end of October through November was due to the early snow season and some of the buildings and facilities costs are up slightly, such as the snow removal, deicing chemicals and typical repairs to snow equipment. The personnel and services and benefits number is up primarily for overtime which is about \$69,000 of the labor variance. The net operating income number is the key which is \$265,000 greater than expected at this point. There are no vacant positions at this point.

Detailed expenses include utilities and professional services. Under professional services, PDA continues to monitor the amount spent on CLF and legal expenses.

Mr. Canner reviewed the Balance Sheet, discussing cash balances and the breakdown between restricted and unrestricted funds. PDA has not had to access any of the funds from the Revolving Line of Credit ("RLC"). Our cash balances are up by about \$2 million from the end of June and the accounts payable are down by about \$1 million. The unrestricted balance under the net position at the end of June due to the payout of pensions, was a negative \$352,000 in June 2016 and is now a positive \$971,000. Construction in Process ("CIP") net number so far this year is \$340,000 but cumulatively for the year PDA spent \$1.2 million and has closed out \$850,000 from "in process" to "in service." In response to Director Lamson's question regarding the cutting of trees and replanting, Mr. Canner and Ms. Stowell stated that we have only received one invoice from a contractor for approximately \$148,000 which will be reimbursed by the Federal Aviation Administration ("FAA"), and that PDA will work with the Town of Newington regarding the replanting in the spring. Mr. Canner reported that the only other large project is the Golf Course bridge replacement and there will be spending for a fairway mower.

Mr. Canner discussed the individual business units. PSM had approximately 109,000 enplanements for the year. For comparison, the number of enplanements for the prior two years totaled 108,000. Charter flights represented about 55% of the total enplanements. Skyhaven Airport ("DAW") slightly below budget in operating income. From an operating standpoint at the end of November there was a loss of \$33,000. Fuel sales are less than anticipated and a small credit was given to tenants renting hangars in the summer. Net cash flow cumulatively since inception is approaching a deficit of \$2 million. Spending for capital expenditures is \$6.3 million with grant funds of \$5.3 million. The Golf Course had operating revenues 11% above budget and 2% greater in operating expenses. The net operating income was \$492,000 which was more than anticipated through November. Simulator revenue increased over last year by 20%. Bar and grill revenues increased by 12% over last year at this point. Revenue was slightly ahead of budget for the Division of Ports and Harbors ("DPH") by \$74,000 and expenses slightly over \$25,000. Net operating income is \$49,000 greater than anticipated. The Revolving Loan Fund ("RLF") cash balance was slightly greater than in June due to some payoffs and loans. There are new regulations that became effective in January which will bring more metrics into the analysis of how effective the RLF is and look to regionalize ratios. The reporting should become more simplified.

2. Nine Month Cash Flow Projections to September 30, 2018

Mr. Canner reviewed PDA cash flow projections for the nine month period ending September 30, 2018 including sources of funds for grant funded and non-grant funded projects. Current cash balances for unrestricted funds, excluding the DPH, currently \$4.3 million and increasing by about \$2 million over the next nine months. The capital expenditures for grant related activity includes the Air National Guard work at Portsmouth International Airport at Pease ("PSM"). The PSM design work is getting underway as well as the runway design work which represents the heavy expenditures over the next two years for close to \$3.1 million, and the non-grant capital expenditures of \$1.2 million include finishing up the Blue Course bridge replacement at the Golf Course. PSM pay for parking is included at \$400,000 over the next nine months as well as the installation of HVAC units at PSM. The cash balance will be going up over the next nine months. The bigger payments are the municipal services fee paid earlier this month and annual debt payment scheduled for February. After the payment for February, there will be two more years on that obligation. The interest rate associated with the Revolving Line of Credit went from 3.34% to 4.01%. The bank just released the new rate on January 2 which was 4.14%. The Revolving Line of Credit will be reviewed at the end of this year. The DPH opening fund balance is \$753,000, the annual pattern in February and March of collecting mooring fees and drifting back down to \$481,000 by the end of September. The average cash balance for DPH is \$550,000. There is one possible new loan under the Revolving Loan Fund in February.

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

A. Approvals

1. Department of Defense Police Training – ROE

Director Torr moved and Director Bohenko seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a Right of Entry with Portsmouth Naval Shipyard – Department of Defense Police Training from January 1, 2018 through December 31, 2018, for the purpose of conducting, on a periodic basis, an emergency vehicle operator's training course on a portion of the North Apron; on substantially the same terms and conditions set forth in the Right of Entry dated December 19, 2017, attached hereto.**

VII. Leases

A. Reports

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

1. One New Hampshire, LLC – Enviance, Inc.

Mr. Mullen reported that One New Hampshire, LLC entered into a sublease with Enviance, Inc. (“Enviance”) for 4,000 square feet within the leased premises at One New Hampshire for a period of five years. Enviance will use the premises for office and related uses. Director Lamson approved the sublease.

2. One New Hampshire, LLC – RA2 Management Corp.

Mr. Mullen reported that One New Hampshire, LLC entered into a sublease with RA2 Management Corp. (“RA2”) for 1,242 square feet within the leased premises at One New Hampshire for a period of two years. RA2 will use the premises for office and related uses. Director Lamson approved the sublease.

B. Approvals

1. Discovery Child Enrichment Center, Inc. – Forbearance Agreement

Director Allard moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a Lease Amendment and Forbearance Agreement with Discovery Child Enrichment Center, Inc. for a period of eighteen (18) months, commencing January 2018; all in accordance with the memorandum from Mark H. Gardner, Deputy General Counsel, dated January 10, 2018, and attached hereto. Discussion: None. Disposition: Director Loughlin abstained from voting due to potential conflict. Resolved 6 roll call votes for and 1 abstention; motion carried.**

2. Two International Group, LLC – 100 New Hampshire Avenue Option

Director Bohenko moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to extend the option with Two International Group, LLC for the premises located at 100 New Hampshire Avenue, effective February 1, 2018, for a period of six months at a fee of \$36,300.00; all on substantially the same terms and conditions set forth in the Option Agreement and Term Sheet, attached hereto. Discussion: In response to Director Lamson’s questions, Mr. Mullen stated that Two International Group, LLC is in negotiations with two potential tenants and the expectation is to build two buildings on the site. Disposition: Resolved by unanimous roll call vote; motion carried.**

VIII. Contracts/Agreements

A. Reports

In accordance with Article 3.9.1.1 of the PDA Bylaws, Mr. Mullen reported that PDA entered into the following contracts:

1. Daystar, Inc. – SQL Server Update

PDA contracted with Daystar, Inc. for SQL Server Update. The expenditure of \$4,900.00 was approved by Vice-Chairman Loughlin.

2. Dell, Inc. – Computer Purchase

PDA contracted with Dell, Inc. for the purchase of five computer systems. The expenditure of \$9,473.40 was approved by Vice-Chairman Loughlin.

B. Approvals

1. Seasonal Event Tent at Pease Golf Course

Director Lamson moved and Director Loughlin seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a five-year contract with Special Events of New England, LLC, in a total amount not to exceed \$40,000.00 for the purpose of renting a Seasonal Event Tent at the Pease Golf Course; all in accordance with the memorandum of Scott D. DeVito, General Manager, dated January 3, 2018, attached hereto.** Discussion: In response to Director Bohenko's question, Mr. DeVito stated that the current tent stays up all season, from May through October, for a total of 180 days. Disposition: Resolved by unanimous roll call vote; motion carried.

2. Fishnet Media, LLC – Web Page

Director Preston moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a contract with Fishnet Media, LLC for \$39,250.00 for three years with two (2) one (1) year options for the purpose of web site redesign, installation, training and to provide analytics of website performance; all in accordance with the memorandum of Paul E. Brean, Airport Director, dated January 10, 2018, attached hereto.** Discussion: In response to Director Bohenko's question, Mr. Mullen stated that this will replace the website one we have now and that the Golf Course uses Fishnet Media, LLC now. Director Lamson stated she thought this was great. Disposition: Resolved by unanimous roll call vote; motion carried.

3. USDA/Wildlife Service – Cooperative Services Agreement

Director Loughlin moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a contract with the United States Department of Agriculture Wildlife Service (USDA WS) from January 1, 2018 through December 31, 2018, in the amount of \$19,576.61 for the purpose of providing integrated turkey, other large bird, and animal control and monitoring services at the Airfield; all in accordance with the memorandum of Andrew B. Pomeroy, Airport Operations Manager, dated December 21, 2017, and attached hereto.**

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

1. **PDA has a long-standing relationship with USDA WS stemming back to the time Pease Development Authority (“PDA”) was formed. As a part of that ongoing relationship, the USDA WS has maintained ongoing wildlife surveys, with data dating back to its first arrival at PDA. PDA does not want to interrupt this data stream;**
2. **The USDA WS conducts training classes for PDA Airport Operations Personnel on Airport Wildlife Hazard Management, to meet 14 CFR 139 requirements. USDA is the FAA recognized authority for such required training.**

Note: This motion requires 5 affirmative votes. Discussion: In response to Director Lamson’s question, Paul Brean, Airport Director, stated that the snow owls are still out around the airport terminal. Disposition: Resolved by unanimous roll call vote; motion carried.

4. Clubhouse and Dining Room Enhancements at Pease Golf Course

Director Bohenko moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into contracts with:**

- Personal Nerd, LLC-WiFi System for \$9,044.94;**
- Tobey Design Group -Gallery, Artwork, & Pendant Lights for \$5,976.18;**
- Consolidated Plastics-Function Room Carpet Mats for \$4,795.00;**

and for items where quotes are still being sought, the Board of Directors authorizes the Executive Director to seek proposals for and enter into agreements for:

- Dining Wall & Accent Painting, Vinyl Base in an amount not to exceed \$9,500.00;**
- Wall Art Framed & Mounted in an amount not to exceed \$4,000.00;**

and approves of reserving a Contingency Fee to hire an on-call electrician, if needed, in an amount not to exceed \$5,000.00;

all in accordance with the memorandum of Scott D. DeVito, General Manager, dated January 11, 2018, attached hereto. Discussion: In response to Director Bohenko’s question, Mr. Mullen stated that the request for on-call electrician is only if the PDA staff is unable to perform the work due to scheduling. Disposition: Resolved by unanimous roll call vote; motion carried.

IX. Executive Director’s Reports/Approvals

A. Reports

1. Golf Course Operations

Scott DeVito, General Manager, reported on the activities at the Golf Course. There were approximately 53,000 rounds played in the 2017 season. The event tent going in is already pre-booked for next season. Marketing for the Golf Course membership is progressing. Mr. DeVito sent out an ad for a referral program for golf memberships. The Maintenance Department is in the process of breaking down, cleaning and sharpening equipment in preparation for next season. Grill 28 has seen an uptick in business. The restaurant had several more events this holiday season and has seen an increase of approximately \$20,000.00 just for the month of December. Director Bohenko mentioned that he used the simulators and found the staff to be very friendly.

2. Airport Operations

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

a. PSM

The number of enplanements for 2017 was approximately 109,000. The final tally for aircraft operations showed a 4% increase which encompasses general aviation, military, air charter and air taxi. Military flights were down 800 flights which makes the commercial growth even more significant. PlaneSense will be accepting their new PC24 in February which will put them in the jet market. In response to Director Bohenko’s question, Mr. Brean stated that PlaneSense will not necessarily be able to fly as far as Europe but perhaps to the west coast and Bermuda.

b. Skyhaven Airport

Mr. Brean reported that a lease has been signed for the final vacant hangar. PDA did give credit to the tenants due to the ongoing construction project. In response to Director Lamson’s question on the status of the Seacoast Helicopter project on the North Apron, Mr. Brean stated that the design work is ongoing and it is unlikely that they will pick up again by March.

c. Noise Line Report

There were a total of 29 noise inquiries at PSM during the month of December 2017. There were six inquiries regarding rotor activities originating from three residences in Portsmouth. There were 23 inquiries regarding fixed wing activities from one residence in Newmarket.

Note: Director Bohenko stepped out the room at 8:40 a.m.

B. Approvals

1. Bills for Legal Services

Director Loughlin moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to expend funds up to \$12,110.00 for the following legal services rendered for the Pease Development Authority:**

1.	Kutak Rock LLP		
	CLF/ Through November 30, 2017	<u>\$205.00</u>	
			\$205.00
2.	Sheehan Phinney Bass + Green PA		
	CLF/ Through November 30, 2017	<u>\$11,905.00</u>	
			<u>\$11,905.00</u>
	Total		<u>\$12,110.00</u>

Discussion: None. Disposition: Resolved 6 roll call votes for; motion carried.

2. Wetland Permit Application

Director Lamson moved and Director Loughlin seconded that **The Pease Development Authority Board of Directors hereby approves of the submission of a wetland permit by notification to the New Hampshire Department of Environmental Services to allow the City of Portsmouth to continue its work on the Corporate Drive rehabilitation project; in accordance with the memorandum of Maria J. Stowell, P.E., Manager - Engineering, dated January 9, 2018, attached hereto.** Discussion: In response to Director Lamson’s question, Ms. Stowell explained the location of the storm drain at issue and indicated that it will have a minor impact on wetlands. Disposition: Resolved 6 roll call votes for; motion carried.

Note: Director Bohenko returned to the meeting at 8:44 a.m.

X. Division of Ports and Harbors

Geno J. Marconi, Division Director, reported on the Division activities, and the approvals sought before the Board represent the current business at the Port.

A. Reports

1. Port Advisory Council

Mr. Marconi reported that the Port Advisory Council (“PAC”) met on December 6, 2017 and that the approved minutes of previous meeting are included for the Board’s information. In response to Vice-Chairman Loughlin’s question about the state of the fishing, Mr. Marconi indicated that the fishing is mostly lobster and Icelandic cod right now.

2. Commercial Mooring Permit Transfers

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

Applicant	Permit	Business	Date of Approval
Hampton Harbor Transferor: Transferee:	No. 7450 Josiah Beringer Michael Sprague	Commercial Fishing	01/10/18

B. Approvals

1. HEG Hanscom, LLC – ROE

Director Preston moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a Right of Entry with HEG Hanscom, LLC from January 5, 2018 through May 31, 2020, for the purpose of fueling an oil skid tank in conjunction with operations at Market Street Marine Terminal by Morton Salt, Inc.; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated January 5, 2018, attached hereto.** Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

2. Jenkins Fuels, Inc. – ROE

Director Torr moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a Right of Entry with Jenkins Fuels, Inc. through December 31, 2022, for the purpose of fueling salt handling equipment at Market Street Marine Terminal owned and operated by Granite State Mineral, Inc. dba Eastern Salt Company; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated December 20, 2017, attached hereto.** Discussion: In response to Director Lamson’s question, Mr. Marconi indicated that Ms. Mahoney owns Eastern Salt Company and later purchased Granite State Minerals, Inc. and did not change their name but are operating as Eastern Salt Company. Disposition: Resolved by unanimous roll call vote; motion carried.

3. Granite State Whale Watch, Inc. – ROE

Director Allard moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a Right of Entry with Granite State Whale Watch, Inc. of Rye, New Hampshire, for the use of an existing building at Rye Harbor Marine Facility in Rye, New Hampshire, as a ticket sales office and for sales of bait and tackle supplies, through June 30, 2020; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated January 5, 2018, attached hereto.** Disposition: Resolved by unanimous roll call vote; motion carried.

4. Appledore Marine Engineering, LLC — Contract Change Order

Director Lamson moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby ratifies and approves the expenditure of an additional \$7,767.00 from the Port Expansion Fund (“PEF”) to Appledore Marine Engineering, LLC for the purpose of providing base drawings and bid documents for Vessel Service Power Replacement at the Portsmouth Commercial Fish Pier; in accordance with the Memorandum of Geno J. Marconi, Division Director, dated January 11, 2018, attached hereto.** Discussion: Director Bohenko thanked Mr. Marconi for bringing this forward because it is needed. Disposition: Resolved by unanimous roll call vote; motion carried.

5. Appledore Marine Engineering, LLC — Implementation of Vessel Service Power Replacement at PFP

Director Bohenko moved and Director Loughlin seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a contract with the lowest responsible bidder to implement vessel service power replacement at Portsmouth Commercial Fish Pier, subject to the approval by the Capital Budget Overview Committee; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated January 12, 2018, attached hereto.**

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

- 1. There is an urgent need to replace the Vessel Service Power System to ensure that fishing vessels can continue to safely operate and conduct business.**

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

XI. New Business

There was no new business.

XII. Upcoming Meetings

Chairman Smith reported that the following meetings will be held:

Board of Directors March 15, 2018

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

XIII. Directors' Comments

There were no Director's comments.

XIV. Non-Public Session

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

1. **NHRSA 91-A:3, Paragraph II(d) for the consideration of the acquisition, sale or lease of property;**
2. **NHRSA 91-A:3, Paragraph II(e) for consideration or negotiation of pending claims or litigation which has been threatened in writing or filed against the body or agency or any subdivision thereof, or against any member thereof because of his or her membership in such body or agency, until the claim or litigation has been fully adjudicated or otherwise settled.**
3. **NHRSA 91-A:3, Paragraph II (i) for consideration of matters relating to the preparation for and the carrying out of emergency functions, including training to carry out such functions, developed by local or state safety officials that are directly intended to thwart a deliberate act that is intended to result in widespread or severe damage to property or widespread injury or loss of life.**

Note: Roll Call vote required. Disposition: Resolved by unanimous roll call vote; motion carried. The Board entered into non-public session at 8:53 a.m. The Board returned to public session at 9:44 a.m.

XV. Vote of Confidentiality

Director Allard moved and Director Torr seconded that **Resolved, pursuant to NH RSA 91-A:3, Paragraph III, the Pease Development Authority Board of Directors hereby determines that the divulgence of information discussed and decisions reached in the non-public session of its January 18, 2018 meeting related to:**

1. **Litigation;**
2. **Leasing of property; and**
3. **Security**

would, if disclosed publically, a) render the proposed actions ineffective; b) affect adversely the reputation of any person other than a member of the public body itself; and c) 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 Executive Committee the aforesaid circumstances no longer apply. **Note: This motion requires 5 Affirmative Votes.** Discussion: None. Disposition: Resolved by unanimous roll call vote for; motion carried.

XVI. Adjournment

Director Bohenko moved and Director Lamson seconded to **adjourn the Board meeting.** Discussion: None. Disposition: Resolved by unanimous roll call vote for; motion carried. Meeting adjourned at 9:45 a.m.

XVII. Press Questions

No members of the press attended the meeting.

Respectfully submitted,



David R. Mullen
Executive Director