

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

Thursday, August 18, 2016

Presiding: George M. Bald, Chairman
Present: Robert A. Allard, Treasurer; John P. Bohenko; Margaret F. Lamson; and Franklin G. Torr
Absent: Peter J. Loughlin, Vice Chairman; and Robert F. Preston;
Attending: David R. Mullen, PDA Executive Director; Lynn Marie Hinchee, PDA Deputy Director/General Counsel; PDA staff members; members of the public;

I. Call to Order

Chairman Bald called the meeting to order at 8:11 a.m. in the Board conference room at 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire.

II. Acceptance of Meeting Minutes: June 16, 2016

Director Allard moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the June 16, 2016 Board meeting.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

III. Public Comment

There were no comments from the public.

IV. Old Business

No old business was brought to the Board.

V. Finance

A. Financial Reports

**1. Operating Results for the 12 Month Period Ending June 30, 2016
(Preliminary)**

Irv Canner, PDA Director of Finance, gave a preliminary report on the status of the PDA FY 2016 finances for the twelve month period ending June 30, 2016. The PDA external audit will be conducted starting September 6th. PDA will seek approval from the Finance Committee in September to renegotiate its revolving line of credit with Provident Bank. Mr. Canner reviewed: operating revenues, which are on budget; and fuel sales underuns which were offset by fee revenues. Operating expenses are currently slightly under budget. Staffing has increased to 144 employees including seasonal employees and 59 fully benefitted employees. Payroll costs are on budget while fringe benefits show a current underrun of approximately 7%. Labor hours reached 165,000 hours for the year. Overtime hours were reduced by approximately 1,700 hours from the same period last year. Mr. Canner reviewed utility costs and electricity consumption. Variances in the net operating income included repayment of the Provident Bank revolving line of credit and construction projects at PDA facilities.

A review of the business units shows that enplanements at the Portsmouth International Airport at Pease (PSM) have reached approximately 42,000 as of July 31st. Fuel sales have increased at Skyhaven Airport (DAW). Since inception, PDA has incurred an overall net operating loss of \$737,000 and has funded approximately \$1.5 million for DAW including capital expenditures and debt repayment to the State of New Hampshire. Golf Course operating revenues are approximately 18% ahead of the same

period last year including increased member fees and increased revenues from Grill 28. The Division of Ports and Harbors (“DPH) unrestricted funds were affected by variances in fuels sales and continues to carry a positive operation income. The previously sequestered Revolving Loan Funds were released due to the increase in loan activity. The fund currently has a 93% utilization rate of its capital and there are no delinquent loans.

2. Nine Month Cash Flow Projections to April 30, 2017

Mr. Canner reviewed PDA cash flow projections for the nine month period ending April 30, 2017. Cash balances are expected to reach \$5 million dollars by April 30, 2017. With the exception of the loan to the City of Portsmouth, there are currently no outstanding debts. Capital expenditures for grant funded projects include the DAW runway and non-grant funded projects include the PSM Terminal roof. Use of the revolving line of credit will be affected by the timing of grant fund payments. Mr. Canner reviewed the variances that may affect the DPH unrestricted funds, including settlement of workers compensation claims and repayment to the State of the Piscataqua River turning basin loan. Mr. Canner reviewed the anticipated Revolving Loan Funds activities. Director Allard and Chairman Bald commended Mr. Canner for his work regarding PDA finances.

VI. Leases

A. Reports

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

1. Pioneer New Hampshire, LLC

Pioneer New Hampshire, LLC entered into a sublease with Hybrid Fitness, LLC for 5,000 square feet at 114 Corporate Drive for a base term of 5 years with one 5 year option. Director Lamson approved the sublease.

2. Two International Group, LLC

Two International Group, LLC entered into a sublease with Atlas Commodities, LLC for 1,878 square feet at 2 International Drive for a base term of 5 years. Director Lamson approved the sublease.

3. One New Hampshire Avenue LLC

One New Hampshire Avenue LLC entered into a sublease with Two International Construction, Co., LLC for 1,716 square feet at 1 New Hampshire Avenue for a base term of five years. Director Lamson approved the sublease.

4. Galileo RMF, LLC

Galileo RMF, LLC entered into a sublease with Port City Air, Inc. for 6,740 square feet at 139 Flightline Road for a base term of six years with one 4 year option. Director Lamson approved the sublease.

B. Approvals

1. Kanerd Development, LLC

Director Allard moved and Director Torr seconded that **The Pease Development Authority Board of Directors approves of and authorizes the Executive Director to enter into Lease Amendment No. 2 with Kanerd Development, LLC for the premises located at 166 Corporate Drive on substantially similar terms and conditions attached hereto and incorporated herein by reference.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

2. Spyglass Development LLC

Director Bohenko moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to complete negotiations and to enter into a revised Lease with Spyglass Development, LLC (ASpyglass@) for the premises located at 30 New Hampshire Avenue; all in accordance with the memorandum from David R. Mullen, Executive Director, dated August 15, 2016 and attached hereto.** Discussion: Chairman Bald informed the Board that the attorney for Spyglass Development, LLC submitted a letter to the Board regarding the lease proposal and that negotiations are ongoing. Disposition: Resolved by unanimous vote; motion carried.

3. 119 International Drive, LLC

Director Torr 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 Lease Amendment with 119 International Drive LLC on substantially the terms and conditions set forth in his memorandum dated August 12, 2016 and attached hereto; provided, however, that the concept plan, including a site plan and elevation rendering must be brought to the Board for its approval prior to the beginning of construction.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

VII. Signs

A. Reports

1. NextLevelNow, Inc.

In accordance with the ADelegation to Building Inspector: Consent and Approval of Minor Revisions to Existing Signs@, Mr. Mullen reported that PDA approved of the modification to signs located at 16 Pease Boulevard to change the name from the previous tenant to the new tenant, NextLevelNow, Inc. Chairman Bald approved the sign modifications.

B. Approvals

1. 73 Corporate Drive at Pease, LLC

Director Lamson moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby approves of the proposed sign for 73 Corporate Drive at Pease LLC at 73 Corporate Drive; all in accordance with the memorandum of Maria J. Stowell, P.E., Manager – Engineering attached hereto.** Discussion: Director Lamson thanked Ms. Stowell for her explanation

regarding the visibility and location of the sign on the building. Disposition: Resolved by unanimous 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. Dell Marketing LP – Computers

PDA contracted with Dell Marketing LP, a state approved vendor, for the purchase of five desktop computers to replace worn out computers at various PDA locations. The expenditure of \$5,047.70 was approved by Vice-Chairman Loughlin.

2. Messer Truck Equipment – Dump Body

PDA contracted with Messer Truck Equipment for the purchase of an 11.5 Galion dump body to be used by PDA Maintenance. The expenditure of \$5,989.00 was approved by Vice-Chairman Loughlin.

3. Portsmouth Quality Flooring – 16 Pease Blvd.

PDA contracted with Portsmouth Quality Flooring Corporation for the purchase and installation of carpeting in the offices at 16 Pease Boulevard. The expenditure of \$2,636.00 was approved by Vice-Chairman Loughlin.

4. Hoyle Tanner & Associates – Obstruction Removal Project

PDA contracted with Hoyle Tanner & Associates for additional work related to the Obstruction Removal Permitting and Design project. The expenditure of \$2,980.00 was approved by the Executive Committee. Discussion: In response to Director Lamson, Ms. Stowell explained that additional costs were incurred to study the historical value of the Pickering property before any tree cutting was undertaken and to monitor the area for long eared bats, an endangered species.

5. Ransom Consulting, Inc. – Frank Jones Well

PDA contracted with Ransom Consulting, Inc. to conduct exploration of the Frank Jones Well to determine the condition of the wells. The expenditure of \$9,800.00 was approved by Director Allard. Discussion: In response to Director Allard, Mr. Mullen reported that there are several wells established by the Frank Jones Brewery. The well located near the 3rd hole on the Golf Course may be an alternative source of water for the Golf Course. The Historic District Commission would like the wells brought back on line, but the wells need to be examined before a determination of viability can be made. Director Bohenko noted that the City of Portsmouth has status in the review process. Ms. Stowell reviewed the permitting process. Regarding the Haven Well, Director Bohenko reported that the City is working with the Air Force to have a filtration system installed to allow the well to be brought back on line. Ms. Stowell reported that the Restoration Advisory Board and the Air Force toured the various sites on the Tradeport including wells. The Frank Jones well will be tested for PFCs before any water is used. Ms. Stowell reported that staff reviewed the City's plans of the Frank Jones wells from the 1800s she explained how the wells operated in the 1800s.

B. Approvals

1. AboutGolf – Simulator Upgrade

Director Bohenko moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a contract with AboutGolf of Maumee, OH, to upgrade the simulator room hitting stations and flooring at the Golf Course Clubhouse, in an amount not to exceed \$13,371.20; all in accordance with the memorandum from Scott DeVito, PGA General Manager, dated August 3, 2016 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. At the time of purchase of the original simulator system, AboutGolf was the sole source provider in the region;**
- 2. AboutGolf has a specialized knowledge of the simulator systems. If the project was awarded to another contractor, AboutGolf would still need to design the flooring plan and recalibrate the simulators to the new hitting locations to ensure that the simulator technology operates properly; and**
- 3. AboutGolf can do the work in the most cost effective and timely manner.**

Note: This motion requires 5 affirmative votes. Discussion: Lynn Hinchee, PDA Deputy Director/General Counsel, reported that PDA had received an inquiry from the City Tax Assessor's office regarding the Clubhouse golf simulator operations. Attorney Hinchee confirmed that the simulators are owned and operated by the Pease Development Authority. Disposition: Resolved by unanimous vote; motion carried.

IX. Executive Director's Reports/Approvals

A. Reports

1. Golf Course Operations

Scott DeVito, PGA General Manager, reported on the activities at the Pease Golf Course. Staff is working on aerifying the greens. Approximately 54,000 – 55,000 rounds of golf are expected to be played in 2016. Tournament play is ongoing with tournaments scheduled in to October. Chairman Bald complimented Mr. DeVito and the Golf Course staff for their work and how well the Golf Course is being run. Mr. DeVito thanked his staff for their efforts.

2. Airport Operations

Andrew Pomeroy, Airport Operations Supervisor, reported on aviation activities.

a) PSM

Enplanements reached 42,000 including troop flights and commercial flights as of July 31st and are expected to reach 65,000 by December 31, 2016. Allegiant Air is currently on its annual hiatus. Terminal roof renovations are underway and renovation of Terminal bathrooms will begin in September. Continental Paving will re-groove 7,500 feet of runway beginning on August 29, 2016. The runway will be closed overnight during the re-grooving work. Discussion: Director Lamson asked about Simple Charter on-line charter operations and its connection to Seacoast Helicopters as reported in the

“Portsmouth Herald.” Mr. Mullen informed the Board that he will speak with Seacoast Helicopters and report to the Board.

b) Skyhaven Airport

The runway rehabilitation project is near completion and punch list items are being worked on including brush clearing. PDA is working with the City of Rochester to ensure that there is minimal impact to the wetlands during clearing operations. Work on the taxilane and drainage areas around the hangars will begin once grant funding is secured. Discussion: Director Allard inquired if the demolished hangar at DAW would be rebuilt. Mr. Pomeroy reported that the site is currently being used for tiedowns with power outlets and a wash rack, but the site is available for future development. There are currently 60 aircraft based at DAW and at least 40 more aircraft could be stored.

(1) SAAC Annual Report

Chairman Bald reported that the Skyhaven Airport Advisory Council annual report was included in the Board package. SAAC Chairman Bruckner was in attendance to answer any questions. Chairman Bald thanked SAAC for its efforts regarding Skyhaven Airport.

**c) Noise Line Report
(1) June, 2016**

Mr. Pomeroy reported that 37 inquiries were made to the Noise Line in June. Ten inquiries were related to helicopter activities and 27 inquiries were related to fixed-wing military aircraft activities.

(2) July, 2016

Mr. Pomeroy reported that 57 inquiries were made to the Noise Line in July. Forty-one inquiries were related to helicopter activities and 16 inquiries were related to fixed-wing military and non-military aircraft activities.

Chairman Bald announced that Bill Hopper, Airport Manager, would be leaving the PDA and that the Board meeting was his last meeting. Chairman Bald thanked Mr. Hopper for his longevity and dedication to PDA. He noted that Mr. Hopper has a great deal of pride for the PDA and was deeply appreciative of Mr. Hopper’s effort. Chairman Bald wished Mr. Hopper great success in the future. Director Lamson thanked Mr. Hopper for his excellent work and patience with the Airport Committee and the neighboring communities.

B. Approvals

1. Bills for Legal Services

Director Allard 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 \$7,117.00 for legal services rendered to the Pease Development Authority by:**

1. Kutak Rock LLP		
Through April 30, 2016	\$ 225.00	
Through June 30, 2016	<u>1,440.00</u>	
		\$1,665.00*
2. Sheehan Phinney Bass + Green		

Through May 31, 2016	\$4,292.00	
Through June 30, 2016	<u>1,160.00</u>	
		<u>\$5,452.00</u>
	Total	<u>\$7,117.00</u>

***Note: The City of Portsmouth will pay the remaining balances.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

X. Division of Ports and Harbors

A. Reports

1. Piscataqua Maritime Commission – Waiver of Wharfage/Dockage

In accordance with the ADelegation to Executive Director: Consent and Approval for the Waiver of Wharfage, Dockage and Related Fees for Qualified Non-profit Organizations Using Facilities of Division of Ports and Harbors” Geno Marconi, Division Director, reported that the Piscataqua Maritime Commission requested that wharfage and dockage fees be waived during the visit and touring by the public of the historical sailing vessel, the Oliver Hazard Perry. Director Loughlin approved the waiver. The ship was berthed at the Portsmouth Fish Pier from August 10 – 15, 2016 and was open for tours. Approximately 7,400 people visited the ship.

Mr. Marconi updated the Board on the status on the Sarah Long bridge replacement project and reviewed the ongoing operations including pouring of concrete and work on the bridge towers.

B. Approvals

1. Pda 300/Various – Final Adoption

Director Lamson moved and Director Allard seconded that **In accordance with the provisions of RSA 12-G:42, X, and as approved by the Joint Legislative Committee on Administrative Rules on July 21, 2016, the Pease Development Authority Board of Directors hereby adopts the amendments to APda 300 Port Captains, Pilots and Pilotage” as attached hereto effective August 19, 2016; and authorizes the Division Director to take any necessary or recommended action in accordance with RSA 541-A, in furtherance of this matter.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

2. Pda 500/Various – Final Adoption

Director Allard moved and Director Lamson seconded that **In accordance with the provisions of RSA 12-G:42, X, and as approved by the Joint Legislative Committee on Administrative Rules on July 21, 2016, the Pease Development Authority Board of Directors hereby adopts the amendments to APda 500 Moorings and Anchorage@ as attached hereto effective August 19, 2016; and authorizes the Division Director to take any necessary or recommended action in accordance with RSA 541-A, in furtherance of this matter.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

3. Pda 600/Various – Conditional Approval

Director Torr moved and Director Allard seconded that **The PDA Board of Directors hereby amends Pda 600 State-Owned Commercial Piers and Associated Facilities, as conditionally**

approved by the Joint Legislative Committee on July 21, 2016 and adopts the Conditional Approval - Annotated Text 08-18-16 (attached hereto);

Further, the PDA Board of Directors hereby authorizes the Division Director to take any necessary or recommended action in accordance with RSA 541-A, in furtherance of this matter. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

4. XI Northeast Fishery Sector, Inc. – ROE Extension

Director Bohenko moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a Right of Entry with the XI and XII Northeast Fishery Sectors (Athe Sector@) retroactively effective July 1, 2016 for office space located at the Portsmouth Fish Pier on substantially the same terms and conditions set forth in the memorandum from Geno J. Marconi dated August 4, 2016 and attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

5. Independent Boat Haulers – Right of Entry

Director Lamson 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 Independent Boat Haulers, Inc. for the purpose of using Rye Harbor, NH Marine Facility, on terms and conditions set forth in the memorandum from Geno J. Marconi, Division Director, dated August 8, 2016 and attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

6. Diesel Direct – Right of Entry

Director Allard moved and Director Lamson seconded that **The Pease Development Board of Directors authorize the Executive Director to issue a Right of Entry to Diesel Direct of Stoughton, MA, for the purpose of fuel dispensing pursuant to the terms and conditions set forth in the memorandum of Geno J. Marconi, Division Director, dated August 4, 2016 and attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

7. Bills for Legal Services

Director Torr moved and Director Allard seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds in the total amount of \$645.00 for legal services rendered to the Division of Ports and Harbors by:**

1. Susan Marshall, Esq.		
Through May 22, 2016	<u>\$645.00</u>	
	Total	<u>\$645.00</u>
		=====

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

XI. Special Events Report

Marie Aleksy, PDA Paralegal, reported on the following special events that will take place on the Tradeport:

1. Danielle’s Dash – 5k Road Race

On Sunday, August 28, 2016, the Danielle’s Dash 5k road race will be held. Funds raised will benefit the American Heart Association and New Generations’ programs.

2. St. Charles Children’s Home – 5k Road Race

On Monday, September 5, 2016, St. Charles Children’s Home will hold a 5k Road Race. Funds raised will be used to support the Home’s programs.

3. Fox Point 5 Miler Road Race

On Saturday, September 10, 2016, the Newington School Supporters will hold a 5 mile road race. Funds raised will be used to support Newington School programs.

4. Bottomline Technologies – 5k Road Race

On Saturday, September 17, 2016, Bottomline Technologies will hold a 5k road race. Funds raised will be used to support Families First Health and Support Center programs.

XII. New Business

Attorney Hinchee reported that she had received a text message stating that the streaming live video recording had malfunctioned and was not recording.

Director Bohenko moved and Director Allard seconded **that rules be suspended to allow public comment.** Discussion: None. Disposition: Resolved by unanimous vote.

Greg Smith, Attorney with the McLane Middleton law firm, informed the Board that he was retained to represent the party interested in Hangar 227 and to help deal with the environmental issues.

XIII. Upcoming Meetings

Chairman Bald announced that the following meetings will be held:

- Finance Committee - September 12, 2016
- Board of Directors - September 15, 2016

All Meetings begin at 8 a.m. unless otherwise posted. Mr. Mullen requested that a Golf Committee meeting be scheduled for September 12, 2016 after the Finance Committee meeting.

XIV. Directors’ Comments

There were no comments from the Directors.

XV. Non-Public Session

Director Allard 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 purpose of discussing the acquisition, sale or lease of property; and**
2. **NHRSA 91-A:3, Paragraph II (i) 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.**

Roll Call Vote. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried. The Board entered into non-public session at 9:11 a.m. and returned to public session at 10:44 a.m.

XVI. Vote of Confidentiality

Director Bohenko moved and Director Allard 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 August 18, 2016 meeting related to:**

1. **Airport Security matters; and**
2. **Leasing of property;**

would, if disclosed publically, a) undermine and jeopardize the safety of the traveling public and b) benefit a party or parties whose interests are adverse to those of the general community respectively; and agrees that the minutes of said meeting be held confidential until, in the opinion of a majority of the Board of Directors, the aforesaid circumstances no longer apply. **Note: This motion requires 5 Affirmative Votes** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

XVII. Adjournment

Director Bohenko moved and Director Allard seconded to **adjourn the Board meeting.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried. Meeting adjourned at 10:45 a.m.

XVIII. Press Questions

No members of the press attended the meeting.

Respectfully submitted,

David R. Mullen
Executive Director/Secretary