

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

Thursday, November 15, 2018

Presiding: Kevin H. Smith, Chairman
Present: Peter J. Loughlin, Vice Chairman; Robert A. Allard, Treasurer; John P. Bohenko;
Margaret F. Lamson; Neil Levesque and Franklin G. Torr
Attending: David R. Mullen, Pease Development Authority (“PDA”) Executive Director; Lynn
M. Hinchee, PDA 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 8:02 a.m. in the Board conference room on the Pease International Tradeport at 55 International Drive, Portsmouth, New Hampshire.

II. Acceptance of Minutes:

1. Public Hearings – October 18, 2018

Director Lamson moved and Director Bohenko seconded that **The Pease Development Authority Board of Directors hereby accepts the minutes of the October 18, 2018 Public Hearings.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

2. Board Meeting – October 18, 2018

Director Allard moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby accepts the minutes of the October 18, 2018 Board meeting.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

III. Public Comments

Robert Jesurum, President of Port City Air, Inc., extended an invitation to its annual Christmas party on December 17, 2018 at 5:30 p.m. in Hangar 205.

IV. Old Business

A. Approvals

1. 160 Corporate Drive, LLC – Lease Amendment

Director Allard moved and Director Bohenko seconded that **The Pease Development Authority Board of Directors approves of and authorizes the Executive Director to complete negotiations and to enter into a Lease Amendment with 160 Corporate Drive, LLC for the premises located at 160 Corporate Drive on substantially similar terms and conditions set forth in the Memorandum of David R. Mullen, PDA Executive Director, dated November 1, 2018, attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

2. Ad-Hoc Advisory Committee

Chairman Smith stated that in furtherance of the action taken by the PDA Board of Directors to establish an Ad-Hoc Advisory Committee to be known as the Residential Housing Study Committee (“Housing Committee”) to investigate, review and advise the Pease Development Authority with respect to the feasibility of permitting a residential use at Pease International Tradeport, he asked that the initial

membership of the Committee be amended. Director Bohenko moved and Director Torr seconded that **The Pease Development Authority Chairman shall be appointed to the Committee and shall be the designated Chairman of the Committee, provided, however, that if the Chairman is unavailable to attend any meeting or perform any duty, PDA Deputy Director and General Counsel, Lynn Hinchee, shall act as his duly authorized designee.** Discussion: Director Bohenko appointed Suzanne Woodland, City of Portsmouth Deputy City Attorney, to the Housing Committee as an ex-officio non-voting member. Disposition: Resolved by unanimous vote for; motion carried.

V. Golf Committee Report

Director Bohenko reported that the Golf Committee met on November 13, 2018. Scott DeVito, General Manager of the Golf Course at Pease (“Golf Course”) explained that Teesnap would replace the current point of sales (“POS”), online tee time reservation system and email database blast marketing platform system. Teesnap has an option for an online store which would allow for sales of season passes online and allow for reservation of golf events. Teesnap is a cloud-based system. The current system is internet-based. When the POS system is offline the Golf Course has no access to see who has reservations to play and customers cannot make tee time reservations online or by phone. Sales and credit card processing is also inaccessible. The Golf Committee unanimously endorsed the purchase.

Mr. DeVito next discussed the request to amend the Capital Improvement Plan (“CIP”) to purchase a fairway aerator attachment in FY2019 at a cost of approximately \$32,000 which would allow the flexibility for Golf Course staff to aerate the greens as time permits. The Golf Committee unanimously endorsed the purchase.

Mr. DeVito discussed the request for an upgrade of the NH GHIN software which contains an online scoring system, event calendar web page feature, and a plug in for online registration. All golf courses in New Hampshire have upgraded to this system so players can keep and maintain their handicaps. The Golf Committee unanimously endorsed the purchase.

Mr. DeVito discussed the requested changes to the kitchen cooking line would include the addition of a fryolator and refrigeration under the cooktop; all in an effort to save processing time for approximately \$34,000.00. An upgrade of the fire suppression system and tying into the gas line will also be required. Mr. DeVito further explained that the Golf Course is also looking into two other electric units for the prep area in the back depending on whether hood units will be required. The Golf Committee unanimously endorsed the purchase.

The Board concurred to suspend the rules and allow John Tinios, President of Grill 28, to speak on the kitchen cooking line. Mr. Tinios discussed the vendor contract which will expire at the end of 2019 and the current arrangement with PDA. Mr. Tinios stated he was asked by the Board to make an investment into the property and that he would be willing to if PDA would change the vendor agreement into a lease agreement. This would allow him to amortize the investment over time. Mr. Tinios stated that Grill 28 is cramped for space and acknowledges a need for expansion and the tent area to be a year round facility. Mr. Tinios stated the demand of the number of customers turned away would justify the expense to convert the tent area. Director Bohenko stated that the Golf Committee would like to meet with Mr. Mullen to discuss the proposal by John Tinios. Chairman Smith concurred. Mr. Mullen will arrange a meeting time.

VI. Finance Committee Report

Irv Canner, PDA Director of Finance, reported that the Finance Committee met on November 13 2018 to review the status of PDA finances.

A. Financial Reports

1. Operating Results for Three Month Period Ending September 30, 2018

Mr. Canner reported on the status of PDA finances for the three month period ending September 30, 2018. Mr. Canner stated the operating revenues are consistent starting FY19 being slightly over budget by 0.8% and operating costs are under than budget by 1.9%. The one overage in expenses is the cost of goods sold for fuel but the operating revenues for fuel sales are over budget.

Personnel services are under budget by approximately \$12,000.00 or less than 1%. The benefits related to the OPEB liability is over budget. PDA fringe benefits are over budget by about \$69,000. In response to Director Lamson's question for a clarification regarding the fuel sales, Mr. Canner explained that fuel sales are actually \$454,000 which is above budget by \$187,000. The net margin for the sale of fuel for Division of Ports and Harbors ("DPH") is 7%.

Mr. Canner reported that the labor costs of benefitted and non-benefitted are \$1.1 million to date. The fringe benefit number is over budget due to the OPEB liability. The current number of benefitted employees is 49 for PDA and 10 for the DPH, with one open position at the Portsmouth International Airport at Pease ("PSM"). The total number of seasonal employees for the Golf Course is 24 and DPH has six which were not reflected in the statistics. The total number on the payroll this current pay period is 109, which includes seasonal and part-time employees.

Mr. Canner reviewed the Balance Sheet. Cash balances increased by \$800,000 since June 30, 2018. There is a total of \$6.9 million in cash at the end of September. The OPEB and pension liabilities as of June 30 was \$13.2 million total. The construction activity of \$440,000 is primarily the barge dock work at DPH and at design work on the runway at the airport. PDA has not had to access the revolving line of credit ("RLOC").

In his review of the Business Units Analysis, Mr. Canner reported that the number of enplanements at PSM is slightly lower than the prior year primarily due to the airlines' fleet realignment. The fee revenue is down due to the postponement of pay for parking from July 1 to January 1, 2019 with a loss of projected revenues of approximately \$300,000 for the year.

Mr. Canner reported that the DAW cumulative deficit is \$2.1 million since DAW was consolidated with PDA in FY 2009. Fuel sales have increased by \$6,000.

The Golf Course operating revenues for the first three months of the fiscal year are ahead by 8% through the end of September. The operating expenses are slightly higher. The big revenue increase is from golf fees. Rounds of golf played are down about 1% below last year at 50,600 rounds this year versus over 51,000 rounds last year due to 56 rain days this year. Grill 28 sales are up 2% from last year. Simulator revenues are up approximately 40% from last year.

There has been no significant change in the DPH with revenues increasing slightly by \$182,000 due to fuel sales.

2. Nine Month Cash Flow Projections to July 31, 2019

Mr. Canner reviewed PDA cash flow projections (excluding DPH) for the nine month period ending July 31, 2019. In November there is approximately \$6.7 million in cash. The cash balances will come down sharply by about 70% from \$6.6 million to \$1.9 million due to the terminal expansion at PSM. During this nine-month period, PDA anticipates spending approximately \$6 million on the terminal and approximately \$300,000 will be spent on pay for parking. These non-grant expenditures represent \$6.3

million of the \$6.6 that is shown in the report. At this point, there will be no need to use the short term RLOC. The monthly cash flows show pay for parking revenues starting in January with approximately \$65,000 and the fuel flowage fees have been coming in since July. The current interest rate for November 1 on the \$5 million which is coming due at the end of December 2018 is 5.03%. There have been no significant change to the DPH cash flow.

Mr. Canner stated that PDA will conduct a presentation to the State tomorrow for FY 20 and FY 21 for an overview of the proposed budget. Mr. Mullen and Mr. Marconi will attend.

3. EDA Annual Filing – Revolving Loan Fund at June 30, 2018

Mr. Canner reported that the Economic Development Administration rated the PDA Revolving Loan Fund (“RLF”) with an A rating which is the highest rating it can get. There are reporting changes with reporting on a fiscal year basis instead of every six months. The last report was made at the end of March 2018 and filed in April 2018. The status of the fund now is \$1.2 million of the original \$810,000 grant. As of June 30, there was \$48,000 which has not been loaned out. The current amount of loans outstanding is \$1.152 million. There are 21 loans outstanding with the top five comprising close to 60% of the loans outstanding. There have been 105 issued since inception and 103 jobs created with 227 jobs saved. Only one loan is delinquent and PDA is in the process of collecting the funds through the sale of a boat.

Note: Director Bohenko left the room at 8:28 a.m.

B. Approvals

1. Investment Guidelines

Director Lamson moved and Director Torr seconded that **In accordance with the recommendation of the PDA Finance Committee, the Board of Directors hereby adopts and implements the Investment Guideline Policy in accordance with the Memorandum of Irv Canner, Director of Finance, dated November 7, 2018, attached hereto.** Discussion: None. Disposition: Resolved by 6/0 votes for; motion carried.

2. Provident Bank – Revolving Line of Credit Extension

Director Loughlin moved and Director Lamson seconded that **In accordance with the recommendation of the PDA Finance Committee, the Board of Directors hereby approves of and authorizes the Executive Director and any other required signatories, to:**

- 1. increase the current Revolving Line of Credit Facility with Provident Bank from \$5,000,000 to \$15,000,000; and**
- 2. execute Certificate(s) of Resolution in such form as has been approved by PDA’s General Counsel and the Director of Finance and to enter into such agreements as may be required to implement this increase in the Revolving Line of Credit;**

all in accordance with the Memorandum of Irv Canner, Director of Finance, dated November 7, 2018, attached hereto. Discussion: None. Disposition: Resolved by 6/0 votes for; motion carried.

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

A. Approvals

1. Lonza Biologics, Inc. – Parking License Agreement

Director Allard moved and Director Loughlin seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute Amendment No. 7 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, 2018 through October 31, 2019; all in accordance with the Memorandum from David R. Mullen dated November 1, 2018 and draft Amendment No. 7, attached hereto. Discussion: None. Disposition: Resolved by 6/0 votes for; motion carried.**

VIII. Leases

B. Approvals

1. Port City Aircraft Repair, LLC – Universal Agreement

Director Torr moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to complete negotiations and to execute a Universal Lease Agreement with Port City Aircraft Repair, LLC (“PCA”) for properties located at 104 Grafton Drive; Hangars 205, 212, 213, 229 and the North Fuel Farm; in accordance with the Memorandum from Paul E. Brean, Airport Director, dated November 7, 2018, attached hereto. Discussion: In response to Vice-Chairman Loughlin’s question whether the location of the 3.11 acres are on the tarmac, Mr. Mullen stated it is. Disposition: Resolved by 6/0 votes for; motion carried.**

IX. Contracts/Agreements

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

A. Reports

1. Kyocera Copier Contract

PDA contracted with Kyocera Document Solutions New England for the lease of a new copier. The expenditure of \$189.00 per month was approved by Vice-Chairman Loughlin.

2. AutoCAD Subscription Renewal

PDA contracted with DRI*Autodesk, Inc. for renewal of the AutoCAD software subscription. The expenditure of \$3,543.75.00 was approved by Vice-Chairman Loughlin.

B. Approvals

1. Fred C. Church, Inc. – PDA Workers Compensation Coverage

Director Levesque moved and Director Allard seconded that **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 12/31/18 through 12/31/19 in the projected amount of \$70,129.00; all in accordance with the Insurance Proposal prepared by Church and the memorandum of Mark H. Gardner, Deputy General Counsel, dated November 1, 2018, attached hereto. Discussion: None. Disposition: Resolved by 6/0 votes for; motion carried.**

Note: Director Bohenko returned to the meeting at 8:36 a.m.

X. Executive Director's Reports/Approvals

A. Reports

1. Golf Course Operations

Mr. DeVito reported on the activities at the Golf Course. The maintenance staff shut down the irrigation system for the season. Mr. DeVito stated that 18 holes will be kept open depending on the weather conditions, but hopes to keep at least nine holes open and will have a course close date of December 2. Simulators use is heavy at this point.

2. Airport Operations

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

a. PSM

Mr. Brean reported that October was a robust month with 3,052 scheduled enplanements and 3,500 troop charter passengers. There have also been several athletic charters from UNH. In the course of process cleanups, an error was discovered in the reporting of enplanements for 2017; that reports showed approximately 10,000 more charter enplanements than occurred. In 2017, the true number of enplanements was 95,000. There currently are 76,110 enplanements. Frontier Airlines ("Frontier") starts service at PSM on December 6 which will mean another 600 passengers per week through the terminal. Allegiant Airlines ("Allegiant") is wrapping up their schedules and announced daily flights to Punta Gorda beginning February 15. There is a significant increase in the variety of troop flights through PSM. Traditionally, Atlas Air ran the flights but Delta is now running troop flights almost daily. Miami Air continues to increase troop flights as well.

In October, 969,466 gallons of fuel was sold which equates to just under \$20,000 in revenue. A Russian Antonov plane came in and did cargo operations work for Raytheon. The terminal is very busy with Frontier installation and the revenue parking structure is ongoing.

b. Skyhaven Airport

Mr. Brean reported did not report on activities at Skyhaven for October.

c. Noise Line Report

There were a total of 39 noise inquiries at PSM during the month of October. There were 17 inquiries regarding rotor activities originating from three residences in Portsmouth, 16 of which pertained to Seacoast Helicopters and one pertained to a non-based larger helicopter. There were 22 inquiries regarding fixed wing activities from 17 residences in Durham, Portsmouth, Dover, Somersworth, New Hampshire; and Lebanon, Maine, 20 of which pertained to the 4:00 a.m. departure of F-16s on October 14, 2018. The remaining two inquiries from a Durham resident pertained to a Lincoln Laboratory Boeing 707 from Bedford, Massachusetts training in the area.

It was reported on October 25, 2018 that the noise line was down due to a suspected power bump in the building. Director Lamson complimented Mr. Brean and staff on the repairs to the noise law and the quick response to the Town of Newington's inquiry.

Director Bohenko discussed an option to provide an app for parking so patrons can pay for their parking directly from their phone instead of a kiosk and suggested that Mr. Brean contact the Parking Director, Ben Fletcher, who has done all of the research work on the project. Mr. Brean stated that he will reach out to Mr. Fletcher and that the specs for the RFP requires that the platform be ready for mobile based operation and have license plate recognition and web reservation capabilities. Director Bohenko stated that NH requires permission to give out the license plates and it would be easier if PDA used the same app as the City of Portsmouth and other cities as well.

In response to Director Lamson’s question about Allegiant’s fleet of planes, Mr. Brean stated that by the end of December, Allegiant will have phased out all of its MD80s and will be running A320s.

B. Approvals
1. Bills for Legal Services

Director Bohenko moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to expend funds up to \$40,711.70 for the following legal services rendered through September 30, 2018 for the Pease Development Authority:**

1. Kutak Rock LLP General	<u>\$5,715.70*</u>	\$5,715.70
3. Sheehan Phinney Bass + Green Tradeport-General Representation CLF	\$6,141.00 <u>\$28,855.00</u>	<u>\$34,996.00</u>
Total		<u>\$40,711.70</u>

*The balance will be paid by the City of Portsmouth. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

XI. Division of Ports and Harbors

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

A. Reports
1. Port Committee Meeting

Mr. Marconi reported that the Port Committee met on November 1, 2018 and updated the Committee on the functional replacement of the barge dock and provide a tour of the Market Street project and the DPH facilities. The testing of the subsurface soils is almost finished and will be reported to NH DES and EPA just after the New Year.

2. Port Advisory Council – Amendments to By-Laws

Mr. Marconi reported that the Port Advisory Council (“PAC”) made amendments to its By-Laws to close some gaps. The PAC is reporting to amendments to the Board for review and comment. The PAC will meet again on the second Wednesday of December (December 12).

3. Granite State Minerals, Inc. – License Extension

Mr. Marconi reported that Granite State Minerals, Inc. exercised its option to renew its lease for one year and will it will expire on October 31, 2019.

4. Expenditure Report

Mr. Marconi reported on the three unplanned expenditures made by DPH. The storage shed at Rye Harbor Marine Facility was damaged beyond repair in the 2018 winter storm and will be replaced by the end of November. DPH will seek reimbursement from FEMA through the Winter Storm Disaster Funding Program. The expense of \$3,175.00 was approved by Vice-Chairman Loughlin.

Mr. Marconi reported that there was a severe water leak in the roof of the scale house at the Market Street Terminal and requires emergency repair. The water was leaking into the fluorescent lights. Ricci Lumber will conduct the repairs. The expense of \$4,270.47 was approved by Vice-Chairman Loughlin and, in accordance with the “Delegation to Executive Director: Consent, Approval and Execution of Documents and Expenditure of Funds for Emergency Repairs,” by David Mullen, PDA Executive Director.

Mr. Marconi reported that the Port Committee approved an expenditure of \$8,179.00 from the Harbor Dredge and Pier Maintenance Fund for a change order to add a connection that will allow the Port office to run off the generator at the Market Street Terminal in the event of a power outage. The Port is an alternate site as an emergency incident command center.

5. Foreign Trade Zone Application to Reorganize FTZ 81

Mr. Marconi reported that the DPH application to reorganize FTZ 81 under the alternate site framework “(ASF)” was approved the Department of Commerce, Foreign-Trade Zones Board. Mr. Marconi recognized Glenn Page from Foreign Trade Zone Solutions who was present and David Trumbull from Agathon Associates in Boston for their work on the project. They were contracted to write the application, submit the application and shepherd it through the process. Mr. Marconi expressed his thanks to Mr. Page for his assistance. Mr. Marconi explained that the boundary follows specific roads and starts in Lebanon and runs east to Effingham Falls and everything south of the designated line is included in the site zone project. Companies in this zone can make use of the foreign trade zone activity and expedites the activation process. Prior to this approval, this area was considered a standard site framework which designated very specific sites: the Port terminal, the Tradeport, the Manchester Airport and the industrial park between Heritage Drive and Constitution Drive. The driver for this project for the DPH was due to a company purchased a 50-acre lot of land a couple of years ago in Londonderry which abutted the Manchester Airport. DPH had to go through a very long, lengthy, laborious process for a minor modification of the boundary line on property that had authorization for foreign trade zone activity. Mr. Page recommended the alternate site framework to expedite the process. Chairman Smith thanked Mr. Marconi on his good work on this project as well as Mr. Page for his work stating that the FTZ work is not given a lot of notoriety in the press but is important for the economic development. Mr. Marconi stated that he has received a number of calls in the last six to eight months because of the changes in the tariff schedules.

Vice-Chairman Loughlin commented about the tour of the Port at the Port Committee meeting on November 1; that while there, a crew was assembling materials to go to Star Island for the wastewater treatment plant, a crew was working on the pier in the Town of Newington as well as salt trucks coming in and out. Vice-Chairman Loughlin further commented that Mr. Marconi explained how the barge replacement dock work and the way the project has come together and the financing of it is a testament to

Mr. Marconi being the right person for this position. Vice-Chairman Loughlin commended Mr. Marconi on all of his hard work at DPH.

B. Approvals

1. Appledore Marine Engineering, LLC – Rye Harbor Riprap Repair

Director Torr moved and Director Lamson seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to enter into a contract with Appledore Marine Engineering, LLC (“AME”), in a total amount not to exceed \$13,800.00 for the purpose of obtaining the regulatory permits, development of construction sketches and limited consultation during construction of the Rye Harbor Riprap Repair Project.**

Further, the Board of Directors approves the expenditure from the Harbor Dredging and Pier Maintenance Fund; subject to the approval of the Capital Budget Overview Committee; all in accordance with the memorandum of Geno J. Marconi, dated November 5, 2018, attached hereto. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

XII. New Business

There was no new business.

XIII. Upcoming Meetings

Chairman Smith reported that the following meetings will be held:

Board of Directors December 20, 2018 (Annual Meeting)

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

XIV. Directors’ Comments

Director Torr commented that Geno make a lot happen with nothing and if the rest of the Board members have not been down for a tour recently, they should go. Chairman Smith concurs.

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 discussion 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; and**

Note: Roll Call Vote Required. Discussion: None. Disposition: Resolved by unanimous roll call vote for; motion carried. The Board entered into non-public session at 9:03 a.m. The Board returned to public session at 10:26 a.m.

XVI. Vote of Confidentiality

Director Loughlin 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 November 15 2018 meeting related to:**

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

would, if disclosed publically, a) render the proposed actions ineffective; and b) affect adversely the reputation of any person other than a member of the public body itself; 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 roll call vote for; motion carried.

XVII. Adjournment

Director Allard moved and Director Bohenko seconded to **adjourn the Board meeting.**
Discussion: None. Disposition: Resolved by unanimous vote for; motion carried. Meeting adjourned at 10:27 a.m.

XVIII. Press Questions

No members of the press attended the meeting.

Respectfully submitted,

David R. Mullen
Executive Director