

**PEASE DEVELOPMENT AUTHORITY
AIRPORT COMMITTEE**

Thursday, January 6, 2022

AIRPORT COMMITTEE MEETING

Presiding: Kevin H. Smith, Chairman
Present: Steve Fournier and Margaret F. Lamson
Attending: Paul E. Brean, Pease Development Authority (“PDA”) Executive Director; Anthony I. Blenkinsop, Deputy Director /General Counsel; Maria Stowell, Engineering Manager; Greg Siegenthaler IT Director; Andrew Pomeroy, Manager, Aviation Planning & Regulatory Compliance of PDA; and Raeline A. O’Neil, Legal Executive Assistant of PDA.

AIRPORT COMMITTEE MEETING

I. Call to Order:

Chairman Smith (“Smith”) called the meeting to order at **8:45 a.m.**

II. Acceptance of Minutes: October 7, 2021

Director Lamson **moved** the **motion** and Director Fournier **seconded** that **the minutes of the Pease Development Authority Airport Committee meeting dated October 7, 2021.**

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

III. Public Comment:

There were no public comments.

IV. New Business:

A. Review:

1. Potential Developments at a.) 14 Aviation Avenue/7 Lee Street/100 New Hampshire Avenue and b.) North Apron

Paul Brean (“Brean”), Executive Director, thanked the Committee for getting together so quickly after the holidays and spoke to the potential of an exciting development for Portsmouth International Airport at Pease (PSM). Brean spoke of the success of the Tradeport and believes the potential development to be discussed would allow the airport to stand on its feet independently. Further, the timing of this project bodes well with the current industry seeing cargo being prioritized at regional airports. This is due to the fact that the cargo model has changed, where retail is doing more doorstep delivery with e-commerce logistics having goods brought in by air cargo. Items are shelved at an e-commerce facility and dispatched throughout the community. Brean indicated the Tradeport has commercial ground leases and the golf course, but with the need for continued sustainability it is necessary for the airport business model to be modified. During the pandemic the Tradeport adjusted and is strong but it isn’t a viable path to “have all your eggs in one basket”. Brean stated that a project of this size would generate significant aeronautical revenues and feels this would dovetail well with the existing non-aeronautical business portfolio.

Brean also spoke of the Joint Use Agreement between the Department of Defense and the PDA; the existing infrastructure dating back to the 1940s and need for it to be replaced. Brean spoke of the associated costs of running an airport, the need to generate revenue and the fiscal obligation for the airport sponsor on how it is done. The project to be discussed is exciting because the Tradeport is a blank canvas to make something like this happen.

Brean informed the Committee that PSM sees this type of activity and aircraft on a daily basis it is just different, it is ad hoc air traffic that uses PSM for ground services. Brean stated that PSM receives this type of aircraft and activity but typically it continues on to another destination to do the offloading. This would not shock the capacity of the airport and PSM can handle it as there is a same mix of fleet with the ANG down the runway. Further, PCA services the type of aircraft that service air cargo facilities. There have been past developers who have proposed different types of uses to meet the needs of this type of facility, albeit a little different; he welcomed today's developers and stated he was excited to let them show the Committee what they have done in the region, locally, and in the community. Brean indicated he sees the developers as being a team that will recognize what is best for the airport and the local community.

John Stebbins ("Stebbins") Managing Director of PROCON (participated via Zoom) indicated PROCON is the largest architecture firm / general contractor in NH. PROCON has done a number of similar projects (warehouse distribution) throughout NH. Stebbins introduced the team in attendance being; Director of Business Development Paul Roy ("Roy"); Joe Geoghegan, John Kane ("Kane") of Kane Companies; and Patrick Crimmins of Tighe & Bond. A visual rendering of various projects completed by PROCON throughout the state was shared on the video screen as a manner to display PROCON's capabilities. Roy spoke to the various projects ranging in size from a 305,000 sq. ft. facility where PROCON is currently adding on a 64,000/65,000 sq. ft. facility located out by the Manchester Airport; a distribution center in Exeter (106,000 sq. ft. facility); liquor warehouse distribution center in Bow, NH (holding 6 million cases of liquor and is 243,000 sq. ft. facility and currently working on another 100,000 sq. ft. facility – this would be a microcosm of what is anticipated for PSM); state of the art logistic center in Dover (118,000 sq. ft.); high bay warehouse distribution center in Amherst (330,000 sq. ft.); distribution center in Londonderry (365,000 sq. ft. facility); state of the art avionics facility building in Londonderry – MRO type of facility (50,000 sq. ft. - this was built in 10 months); designed and built a facility for a tenant at the Tradeport and are currently working with them on a future expansion to the facility (40,000 sq. ft. Group 2 hangar with a 44,000 sq. ft. office); one of the first FBOs in Manchester where 3 separate hangars were built as well as a future hangar (total structure size being 169,000 sq. ft. of aviation space) also built was a fuel farm (clean and environmentally sensitive) and the general services building representing two (2) 200,000 gallon tanks (Roy spoke of discussions with Brean on how this could be done at PSM). Additional facilities outlined were Portwalk in Portsmouth, which was designed and built by PROCON (comprised of hotels, apartments and retail shops).

Kane indicated his company has operated since the late 80s and founded by his mother (in 1988). They partnered with PROCON around that time and one of the first buildings Kane acquired is now a 300,000 sq. ft. warehouse / distribution facility at Manchester Airport, which PROCON is expanding. Over the last 18 months, Kane has made a push from office / industrial (displayed a few of its properties at the Tradeport and the local area) to logistics / industrial / warehouse distribution. Kane indicated over the last 18 months have made a dedicated commitment to get into the logistics / warehouse distribution space and have acquired a 750,000 sq. ft. building at the Manchester Airport

which is leased to three different tenants. Kane further stated it has purchased / leased more property (logistic space) in the State of NH (approximately 2.7 million sq. ft.) which is the driver for them to commit to these projects at Pease.

Roy informed the Committee that today's presentation is to express interest in two developments at Pease and provide assurance that these companies have a large amount of experience with these types of developments and it is not anything new. Roy stated it is believed that this would be one of the more significant airside developments at Pease and while he has been working with Brean for the last 27 months, he has been trying, for the last 10 years to develop airside interest here.

Roy first spoke to Hangar 227 and while he has tried to find an end user to utilize the existing structure, unfortunately there isn't one; in order to make the site work the structure needs to be torn down as renovations would cost at least \$21 million. Roy stated what would be proposed for the Hangar 227 site would be to build a new building in phases with first phase being 185,000 sq. ft. (presented a photo on how this would lay out on the site). Another slide was presented to indicate a total build out of approximately 400,000 sq. ft. for the development. While this could change, as negotiations are commenced with clients to accommodate needs, this would be a significant development on the airside of Pease.

Lamson stated the Town of Newington has had issues in the past with noise from aircraft. Roy understood the concern and indicated these are all new Stage 4 aircraft which are similar to that utilized by Allegiant and the NHANG. They are much quieter than older planes. Further there would be evaluations done for sound, transportation, etc. A plan was displayed indicating an anticipated truck route (which would not interrupt traffic through the heart of Pease). The idea is to have truck traffic going straight from the 227 site and onto the highway (out Aviation Avenue, to Grafton Drive and then onto 95) as a way to limit any impact to the region. Lamson further stated that Greenland has concerns with traffic. However, Pease was also mandated by the State of NH, when the United States Airforce closed the base, to address the need for jobs for the surrounding area. Lamson asked if entities would be directed to use 95; Roy indicated that would be the goal.

Roy indicated when Hangar 227 is removed and the Lee Street property (Pease Maintenance Facility) is taken over, PROCON would build a new PDA maintenance facility at the far north end of the runway, it would be a modern facility and better situated all while meeting the needs of Pease.

Roy then displayed an aerial view of the North Apron to the Committee and spoke to the first phase of the planned facility at this location, which would be 110,000 sq. ft. and would be done similarly to the site at Hangar 227 for the flexibility of tenants. The renderings also depict the future potential ANG expansion area. PROCON indicated it has had meetings with the ANG in an effort to closely work with them so there will not be any issues.

Lamson spoke of the potential impact at that location, the USAF past revving of engines in that area, and the concern with the noise shooting down Arboretum, Flagstone Brook, and the school in the Town of Newington. Further, Lamson indicated the need of a state of the art containment for this area. It is necessary to think of the impact on the environment and the "p" factors as well. Roy stated they are not developing on any piece of pervious property; all development will be on what is existing impervious surface (tarmac, buildings etc.). PROCON is not getting into any wetlands, which is a benefit. Where the projects will be built they will be constructed to today's standards, there will be controls for drainage and containment. Lamson indicated that development on the North Ramp is

something she is very cautious of; Roy acknowledged.

Roy spoke to the total build out on the North Apron being a 324,000 sq. ft. facility and this would be the optimum build out for that location. Further, the other location (Hangar 227) would be a 400,000 sq. ft. facility and both of these facilities would represent significant developments on the airside at Pease. Also, Roy showed a map depicting a traffic route in and out of the North Apron facility. It shouldn't interrupt the local roadways at Pease as traffic would go from Arboretum directly to the Spaulding; stated Pease was designed to handle this type of traffic flow with direct access out onto the highway. Roy stated that both parcels are so closely located to the highway and that because of the locations, there is already a significant show of interest.

Fournier asked of traffic counts and what is the most used entrance of those who work on Pease? Do those from Dover and Strafford County use the first entrance or go to the main gate? Brean indicated there is a VHB study which is dated; Maria Stowell ("Stowell") Engineering Manager indicated the study may have had some projections but she would have to review the report. Fournier indicated a concern if that over time the northern entrance becomes the most used, could there be impacts. Brean stated the reason this is being presented before the Committee is that staff believes this development team is prepared to do the research necessary to understand and answer these questions. This is the start of the process, but Brean indicated there is a financial obligation associated with the traffic/noise studies, environmental studies, and in dealing with potential end users. The developers are prepared to enter an option on the parcels that would provide exclusivity on a potential lease, while the research is performed and the parcel is marketed. An option itself would be a sizeable investment of 10% of the annual sq. ft. ground lease rate for six months; the option is based on previous options with other developers. These options would allow them to collect all of the necessary data and make a sound decision. Roy stated the developers are planning on doing all of the road, ground, and environmental surveys that need to be done.

Lamson asked of the six month option for the developers to be the sole entities; Roy affirmed and hoping to do more. Brean indicated the options can be extended in six month increments, which would max out at 18 months; there are additional triggers within the option. Roy stated the reason for the option is because of the substantial investment that would be made to do the studies and surveys necessary for these developments. Lamson asked if it would be 10% of the 2021 annual rent; Brean affirmed and further stated after 6 months it would increase to 20% and after 12 months it would go up to 30%. Blenkinsop affirmed and stated the 2022 rate would be set in January and the options would be adjusted, the 2022 rate just hasn't been set yet; during the option, the increase in 6 month increments becomes more expensive.

Kane spoke to what has been seen in the market and over the past nine months. They have identified and met with both national and regional companies from air manufacturing, cargo to logistics (being 23 active companies in this region). Kane spoke to the need to break ground as the tenants they are speaking with deal with short cycles and therefore need to demonstrate that the steel has been ordered, provide a timeline and end date which is when a commitment will be provided by the tenants. Kane indicated there are active locations in Massachusetts, Connecticut etc. competing for the same entities, but it is the belief of the development team that this (Pease) is the top site. After working with PROCON, have broken down all of the requirements and have a prototype of what will fit so once under construction (changes and modifications) to pricing shouldn't be significant.

Lamson asked of the 100 New Hampshire Ave. property; Brean indicated that is the former

warehouse parcel which would be utilized to support the large building on the Hangar 227 project (i.e.; employee parking, office support buildings).

Smith indicated all of the Board members bring their own expertise on the issues brought before them. Smith stated he has been the Town Manager in Londonderry for the last 9 years and is familiar with the work that PROCON has done. Also, has witnessed first-hand what logistics development has done up at the Manchester Boston Regional Airport and what it has done for the Town of Londonderry. When Smith became Chairman of the PDA Board, he toured the North Apron and wondered how it hadn't been developed yet. The North Apron is a prime location for a logistic center and he couldn't be happier (that this development team is involved) in making this happen as it is critical for the Tradeport to develop and build additional revenue; believes it would be a win all around. Smith stated with the large logistics companies around the (Manchester) airport now, the traffic is not as bad as one would think. From the studies to be performed, believes that items will be mitigated and PROCON has an excellent record working with Londonderry and believes this would be a homerun. Smith indicated he has no concerns moving forward. Obviously there will be various concerns raised by Board members that will need to be addressed, but he knows the developers are very thorough and will provide whatever is necessary so everyone will be at ease about this.

Lamson again referenced the need to address the noise situation and to be environmentally conscious. Kane indicated Brean has been great to work with and views this as a real partnership as they proceed with various tenants. It will be a porous process, meaning they will sit down with Brean to discuss potential companies and what they do in order to receive input on the directions contemplated. Kane stated this input would be critical in moving ahead with who it ultimately builds for.

Fournier stated as Strafford County's representative this type of development is what is needed and what would be perfect for Pease. The reason he brought up traffic is that the population center is not Portsmouth and Newington, it is Strafford County (Dover, Rochester etc.). Having lived through the widening of Spaulding for so many years, and when he was the Town Manager of North Hampton, he remembers the nightmares of the drives home and wants to make sure those are considered in the planning. Fournier agreed that the traffic route is right on and off the highway and wants to be mindful of this. Roy affirmed and stated this would be borne out of the studies that will be performed. Kane indicated it would be a balancing act and there will be the need to be in communication with Brean and staff.

Blenkinsop indicated from a staff perspective as we look toward the Board meeting in two weeks, the Option Agreements will be on the agenda with motions to enter into the Option Agreements. The Option Agreements provide exclusivity in terms of leasing these parcels and negotiations thereof. However, the parcels will continue to be controlled by PDA until a lease is entered. Blenkinsop asked the Committee if there was any additional information it thought should be brought to the Board for consideration of these items at the January 20th meeting. Otherwise what will be provided are the draft options, motions and the additional information from today. Did the Committee feel this could move to the January Board agenda. Smith indicated this was the right process and that the Committee was in good shape with the current presentation.

Roy informed Lamson that the way the structure would be located at the North Ramp, the building itself would act as a sound barrier.

PROCON / Kane Group development team departed the meeting at 9:24 a.m.

B. Discussion:

1. Potential PSM Badging Training Program

Brean indicated there are four different classes / modules an employee has to take in order to receive airport credentials / badge which is conducted through in-person classroom environment with a PDA employee proctoring the class. The FAA would like airports to become more streamlined with a consistent messaging training and move to an interactive training module which would be computer based. The computer based programs are specific to the airport where there would be a film crew that would come in and film the PSM airport and create an interactive training module that the employee (PDA, PCA, PlaneSense, US Customs Board Patrol Officer, etc.) would go on a computer to complete the training independently. This would save PDA on staff hours; better for social distancing purposes and would provide a consistent message as requested by the FAA in the training module. While this is something that the FAA would like to see, some of PDA's stakeholders (PlaneSense and PCA) would also like to see this type of training given its ease and efficiency.

C. Discussion:

1. Potential PSM Multi-task Equipment Purchase (Plow/Vacuum Truck)

Brean spoke of putting before the Board a large capital expense of a unique piece of equipment for the airport. He believes that it is the only multitasking piece of equipment that does what PSM is looking to do. Brean indicated the piece of equipment is a multi-tasking snowplow (has a plow, runway plow and in the middle of the truck has a broom and forced air that blows any remaining snow off the runway). Further Brean indicated that this piece of equipment is unique as it has a vacuum and can act as a street sweeper and can convert to pick up liquid. Brean stated PDA would like to bring this before the Board as an environmental initiative as this vehicle can plow the runway and after "Allegiant" de-ices the aircraft at the gate, the vehicle can be dispatched to reclaim the de-icing fluid on the apron so it doesn't run off the site. At the Portland Jetport there is a facility that takes reclaimed de-icing fluid, reprocesses it and sells it back on the market which would be an environmental initiative of recycling of PSM's de-icing fluid. This equipment would also allow for PSM to reduce the reactive buffer removal process that is performed on the runway (planes land, put a little rubber skidmark on the runway and it becomes slippery as ice or a rainy day in the summer). Currently this task is performed with a chemical, but with this piece of equipment the chemical would be removed from the process. Brean indicated PDA does not purchase much snow equipment on its own as it usually relies on grants, but would be looking to purchase this vehicle out of PDA's own cash flow. The cost of this piece of equipment would be approximately \$750,000 and PDA would not be receiving any assistance from the FAA on this purchase but this would allow PDA to go to the next level of being environmentally conscious.

Lamson indicated that the environment is important and this would be money well spent.

Brean indicated staff didn't want to shock the Board with a big ticket item but this would allow PDA to address a need and be an environmental steward.

Fournier indicated if you were to purchase the items separately they add up to this one piece of equipment so it makes sense.

V. Upcoming Meetings:

Board of Directors:

January 20, 2022 @ 8:30 a.m.

VI. Adjournment

Director Lamson **moved** the **motion** and Director Fournier **seconded** to adjourn the Board meeting. Meeting adjourned at **9:30 a.m.**

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

VII. Press Questions

There were no questions from the press.

Respectfully submitted,

Paul E. Brean
Executive Director

DRAFT