

**PEASE DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MEETING
MINUTES**

Monday, November 15, 2021

Presiding: Thomas G. Ferrini, Committee Chair (via phone)
Present: Committee Member Neil Levesque and Committee Member Margaret Lamson
Attending: Paul E. Brean, PDA Executive Director; Anthony I. Blenkinsop, Deputy Director / General Counsel; Suzy Anzalone, Finance Director; and PDA Staff

I. Call to Order

Director Ferrini, Committee Chair, participated remotely from his office in Dover, NH due to a scheduling conflict and called the meeting to order at **9:11 a.m.** in the Board conference room, at the Pease International Tradeport, 55 International Drive, Portsmouth, New Hampshire.

II. Acceptance of Minutes – September 13, 2021

Director Lamson **moved** the **motion** and Director Levesque **seconded** that **the Pease Development Authority (“PDA”) Finance Committee accept the minutes of the September 13, 2021 Finance Committee meeting.**

Discussion: None. Disposition: Resolved by **unanimous** roll call; motion carried.

III. Public Comment

There were no public comments.

IV. Reports:

Finance Director Suzy Anzalone (“Anzalone”) indicated she would be speaking to the two reports in the Committee’s packet.

1. Operating Results for the Three Month Period Ending September 30, 2021

Anzalone indicated that the PDA budget is favorable by 9.5% on its operating revenues on a year-to-date (“YTD”) basis and what we are seeing is a favorable trend in golf course public play and facility rental which is based on timing. Anzalone informed the Committee that she will advise whether variances are due to timing (they have been budgeted evenly through the year), or whether they are different than projected. Some underruns are in parking revenues, fuel sales and registrations – these can be more unpredictable line items. Operating expenses YTD, excluding depreciation, are 8.8% under budget; under runs are in building and facilities and as the season changes that too may change. A couple of line items over budget are salaries and wages by benefited, regular employees, this is reflected in the airport cost center, which tells Anzalone it is due to the additional work to get prepared for the Air Show.

Paul Brean, Executive Director, (“Brean”) indicated that there were two vacancies in August which also impacted the overtime need at the airport.

Ferrini asked if it is anticipated that this overrun will even itself out over time and was the Air Show a planned expense over a timeline; Anzalone indicated it was not a planned / budgeted expense. Therefore, it will potentially trend over budget for the year. Ferrini asked if expenses incurred regarding the Air Show were known at this time for future reference; Brean indicated the expense was under \$25,000.

Anzalone indicated there are also cost overruns (\$80,000 to \$100,000 projected for the fiscal year) for retirement expenditures as the employer contribution rate came back higher than what had been budgeted. This was one of those line items where PDA did not receive the information until after the budget was put together. Additionally, overruns in fees and licenses were related to upfront costs annual for software licensing.

Lamson asked of depreciation and amortization; Anzalone indicate that PDA has assets that depreciate and those have been set up over 5, 10, 15, 27 years, which would be a non-cash expense. Therefore, the budget estimates the depreciation of those assets; whether any new assets would be brought on and what would be anticipated for depreciation. This also varies as to when assets are brought off the schedule when fully depreciates and new assets are brought on.

Lamson spoke to her concern regarding the organizational chart given three open and important positions (airport security and two ops specialists). Lamson feels \$13/hr. for an airport security specialist is unacceptable. Ferrini asked Brean if PDA was constrained on state pay schedules and if this is the reason PDA is having difficulties with these hires; Brean stated it is not. Further he indicated that the security agents are in the \$13 to \$15/hr. and the specialist is a higher salary. PDA has chosen not to fill these positions at this time because badging is down due to the runway / terminal projects coming to completion and due to COVID. Brean indicated due to COVID, numbers have been down and PDA has been managing its personnel during this time.

Anzalone stated the capital expenditures are \$925,000 YTD and that a majority of those funds being within Division of Ports and Harbors and a couple hundred thousand dollars spent on the terminal expansion. Anzalone also spoke to the movement of expenditures from AIP64 (the runway project) to the Lowry Lane project; this was due to the misposting of an invoice. Brean informed the Committee that Lowry Lane is the perimeter road that supports the airfield for security patrols, fire response and servicing the navigation aids on the airfield.

Director Levesque (“Levesque”) asked why the Rye Harbormaster is not listed on the organizational chart as an employee; Anzalone indicated that the organizational chart only lists fulltime benefited positions; that position would be tracked under the part-time non-benefited positions.

2. Nine Month Cash Flow Projections through July 31, 2022

Anzalone indicated PDA does not anticipate having to borrow from its Revolving Line of Credit (“RLOC”) over the next nine months.

Ferrini asked how much money remains from the Federal money received (CARES Act funding); Anzalone indicated those funds have not been tracked separately. Anzalone indicated these funds have allowed PDA to fund capital expenditures without having to utilize its RLOC. Ferrini stated for the record he assumed those funds were in line with the types of capital expenditures that can be engaged in. Anzalone indicated when the federal funds were received, PDA had to show expenditures already incurred related to the airport in order to receive the COVID related funds. Brean indicated it had been projected that at this time with capital expenditure projects PDA would have been \$7 million into its RLOC with the terminal expansion. However, PDA has not had to do that, rather the funds were able to be put into the cash flow rather than drawing down on the RLOC. Ferrini asked if this would impact planning going forward seeing how PDA has this “bill of fare” regarding capital improvements, or does this allow for additional consideration going forward more than what PDA might have done. Brean stated that the capitalization program approved by the Board with its different levels of projects would allow for some of the “B” projects to come to fruition as PDA has the cash flow now for those projects.

3. Disbursement Register – July 1, through Sept 30, 2021

Anzalone indicated that Ferrini had inquired at the last Finance meeting on disbursements, so attached are the quarterly cash disbursements for review.

Lamson questioned the reference of Pease Boulevard and Arboretum Drive which goes all the way down to the Wildlife Refuge. Further she indicated that the City of Portsmouth receives municipal services fees to maintain roads at Pease and Arboretum Drive is a disaster. She asked if the grant referenced would be the portion of Pease Boulevard to the upper portion of Arboretum; Anzalone indicated she would have to defer to Maria Stowell, Engineering Manager as to the area it would encompass. Lamson said she would speak further with Stowell regarding this. Ferrini indicated Lamson’s question would be whether the repair of the road in question falls under the municipal services agreement; Brean stated the City of Portsmouth has a priority list of pavement projects. Arboretum is recognized on this list and the City is currently doing some milling and repair of the road. However, it does not rank very high on the prioritization list due to the daily usage of the road being far less than other roads on the Tradeport. The City of Portsmouth and PDA will keep it on the pavement improvement program. Lamson indicated that due to COVID the road traffic increased on Arboretum as people were frequenting the Refuge as a sort of sanctuary for individuals. Brean indicated it is a road which would need to be reconstructed; Lamson indicated the need to keep the road patched so no one gets hurt.

Levesque indicated the rates of the moorings were nearly doubled, the rates of the storage fees were doubled; and asked if the rates of the vendors / renters be increased too. Anzalone indicated that would be a discussion to be had with Geno Marconi, Director of Ports and Harbors, but she did indicate that the rates have remained the same for a long time. Blenkinsop indicated the Rights of Entry at Rye Harbor are three year terms and currently in the middle of year 2, the rates could be increased for year 3 but that would need to be done by the upcoming spring; the RoEs are set to expire on June 30, 2023.

Director Lamson **moved** the **motion** and Director Levesque **seconded** that the financial information presented be accepted and presented to the Board.

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

V. **Next Committee Meeting:**

TBD

VI. **Director's Comments:**

None.

VII. **Adjournment:**

Director Lamson moved the motion and Director Ferrini seconded to adjourn the meeting.

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

Meeting adjourned at 9:35 a.m.

VIII. **Press Questions:**

Respectfully submitted,



Paul E. Brean
Executive Director