

**PEASE DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MEETING
MINUTES**

Monday, June 12, 2023

Presiding: Thomas G. Ferrini, Committee Chair
Present: Margaret Lamson, Committee Member
Absent: Neil Levesque, Committee Member
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, called the meeting to order at **9:02 a.m.** in the Board conference room, at the Pease International Tradeport, 55 International Drive, Portsmouth, New Hampshire.

II. Acceptance of Minutes – April 17, 2023

Director Lamson **moved** the **motion** and Director Ferrini **seconded** that the Pease Development Authority (“PDA”) Finance Committee accept the minutes of the April 17, 2023 Finance Committee meeting.

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

III. Public Comment

There were no public comments.

IV. Reports:

- 1. Operating Results for the Ten Month Period Ending April 30, 2023**
- 2. Nine Month Cash Flow Projections through February 28, 2024**

Finance Director Suzy Anzalone (“Anzalone”) spoke to the reports in the Committee’s packet and indicated the same reports are in the Board packets and would be discussed further at the upcoming Board meeting. Regarding the financial results for the 10 month ending April 30th, the operating revenues are 7.2% favorable to budget and operating expenses are 4.1% favorable to budget. With respect to cash flow between operating and capital expenditures, it is anticipated PDA will be just over \$6 million, nine months from now.

Lamson asked about the marketing and promotion flight incentives if it were with Allegiant; Brean indicated it is the air service development budget.

Ferrini indicated these reports will be fully presented at the upcoming Board meeting on June 15, 2023.

3. Disbursement Register – April 1, through May 31, 2023

Information on disbursements have been provided from April through May to the Committee for its review.

Ferrini asked if this disbursement register would also be provided to the Board. Anzalone indicated it would not as it has been prepared at the request of the Finance Committee; Ferrini indicated he would report this to the Board, stating a register is provided to the Finance Committee on a quarterly basis.

V. Approvals:

1. FY2025 – FY2027 Forecast

Anzalone highlighted the FY24 Operations and Maintenance budget for consideration and stated this budget is a 6.3% increase over FY23's budgeted revenues. Some of the line items contributing to the increase are facilities rentals; this is on the conservative side as the potential for new leases has not been included.

Kept the volume flat for the fuel flowage fees, but are requesting an increase of \$0.01 at the upcoming Board meeting. Regarding the fuel sales at the Division of Ports and Harbors, anticipate a decrease in the volume sold.

Lamson spoke to the Transportation Committee meeting/public hearing scheduled next week to discuss the New Hampshire Avenue right turn lane onto Pease Boulevard; Brean indicated this would be for intersection improvements.

Anzalone stated the budgeted operating expenses represents an 11.47% increase over the FY23 budget. This increase includes a Cost of Living Adjustment as well as merit increases for salary & wages expense. There is a one-time operating cost expense budgeted in FY24 for building demolition at 65 Airline Avenue; there is also another one forecast in FY26 as well. With respect to utilities, the FY23 average is utilized in an effort to determine what PDA might pay per kilowatt hour; however, the PDA is working on a RFP for the supply portion.

Anzalone explained that the 1.5% increase in professional fees is due to an increase in legal fees over the last couple of years. She also spoke to the additional funds appropriated for Strategic and Operations Plan, requested by the Board recently.

Anzalone also informed the Committee that the auditing fees will show an increase which is due to a transition in how it will be reported. Therefore, in FY25 the Committee will notice a decrease as the fees as it will show the current contracted price and will not include a portion of the previous year.

Ferrini asked if facility rental would equate to leasehold income; Anzalone affirmed. Ferrini agreed it is proper not to project on potential leases and that the building demolition would be the reverse of capital.

Anzalone also spoke to additional expenditures in technology and internet as a lot of the software maintenance agreements are moving to software as a service. This results in the operating expenses being higher and capital being lower. Also, while the MS4 permit has not been issued, an increase to environmental costs has been incorporated as PDA does not know what the requirements will be associated with its issuance. Further, there will be inflationary increases to many line items.

Anzalone spoke to some initiatives PDA plans on taking on in FY2024 being an increase in efficiency, revenue streams, safety, long term success of the airport / Tradeport, environmental, security, and strategic planning. She spoke to various RFPs planned for the near future. Lamson asked if the RFP for electricity has been publicized yet; Anzalone stated it has not yet been completed but PDA will be working towards one soon.

Anzalone spoke to the organizational chart and employee benefits by stating benefit increases are not provided until January so projections have been utilized. Anzalone further indicated that 90% of the revenues at the airport consist of parking and fuel flowage fee and spoke to the requested increase to the fuel flowage fee and maintaining the parking rate while increasing usage of the lots.

Anzalone spoke to Skyhaven Airport and a request to the Board at its upcoming meeting to approve a 5% rental increase as there hasn't been a rate increase in several years. The rental fees represents 50% of the Skyhaven revenues.

Regarding the Tradeport, most of the leases are inflation based and capped at 3%. Golf revenue is an assumption as it is based on rounds played; the concession fee will be maintained at 17% with the concessionaire assuming a portion of the utilities, custodial services and rental fee associated with the event tent.

Regarding the Division of Ports and Harbors there are no significant changes to the operating budget. Anzalone indicated there has been a rate increase to seasonal employment for retention purposes. Further she indicated there will be a continued observation of fuel sales at the harbors.

Ferrini asked of the differential of 3.8 million to 2.5 million referenced in operating income; Anzalone indicated the FY23 forecast was a strong year; with the increase in some of the line items, it brings the FY24 forecast down.

Anzalone spoke to the anticipated cash flow over the next six years when both operating and capital budgets are a consideration.

Ferrini asked if % merit increases are capped at 3%, or is there budget capacity on succession planning and employee retention so increases can be addressed. Brean stated PDA has seen the benefits of recent salary adjustments equating to retention of employees; some employees who previously left, have returned to Pease so there has been an immediate impact on retention. Brean stated he does have the ability to go over 3%, if needed. Anzalone stated in

preparation of the materials, she also inquires into increases and those which may over the normal.

Director Lamson **moved** the **motion** and Director Ferrini **seconded** that **the Pease Development Authority (“PDA”) Finance Committee hereby recommends that the PDA Board of Directors approves of and accepts the proposed FY 2024 Operations and Maintenance (“O&M”) Budget and FY 2025 – FY 2027 O&M Forecast; all in accordance with the presentation from Suzy Anzalone, PDA Director of Finance, dated June 12, 2023.**

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

VI. Next Committee Meeting:

The next Finance Committee meeting is scheduled for September 18, 2023.

VII. Director’s Comments:

VIII. Adjournment:

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

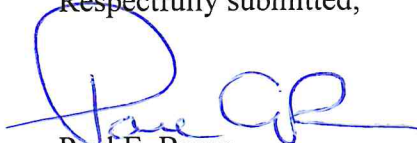
Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

Meeting adjourned at **9:22 a.m.**

IX. Press Questions:

There were no questions from the press.

Respectfully submitted,



Paul E. Brean
Executive Director