

**PEASE DEVELOPMENT AUTHORITY  
FINANCE COMMITTEE MEETING  
MINUTES**

**Monday, June 10, 2024**

Presiding: Thomas G. Ferrini, Committee Chair  
Present: Neil Levesque, Committee Member  
Absent: Brian Semprini, 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 **9:00 a.m.** in the Board conference room, at the Pease International Tradeport, 55 International Drive, Portsmouth, New Hampshire.

**II. Acceptance of Minutes – September 18, 2023**

Director Levesque moved the motion and Director Ferrini seconded that the Pease Development Authority (“PDA”) Finance Committee accept the minutes of the September 18, 2023, Finance Committee meeting.

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

**III. Public Comment**

None.

**IV. Reports:**

- 1. Operating Results for Ten-Month Period Ending April 30, 2024**
- 2. Nine Month Cash Flow Projections through February 28, 2025**

Finance Director Suzy Anzalone (“Anzalone”) spoke briefly to the two reports as follow:

Anzalone stated the Operating Results year-to-date (“YTD”) are budget neutral with Operating Income at \$3.3 million YTD against a budget of \$2.1 million indicating positive results.

The balance sheet indicates \$14.6 million of unrestricted cash and investments made up of PDA (\$12.8 million) and DPH (\$1.9 million).

Spoke to the details provided for each business center, with nothing to be addressed.

Further Anzalone spoke to the anticipated cash inflow (\$20.3 million) / outflow (\$24.5 million) over the next nine months. She expects cash and investment balance to be approximately \$6.6 million which will include capital expenditures, which are the driver to the decrease of the cash flow.

**3. Disbursement Register – March 1, through May 31, 2024**

Anzalone provided the past ninety (90) day cash disbursement for the Committee's review and asked if there were any questions.

Ferrini asked of the large payments to the State of NH; Anzalone stated the amounts of \$130,000/\$140,000 were for reimbursement to the State for those Division of Ports and Harbors ("DPH") employees who remain on State payroll. The \$2.3 million payment was associated with a BUILD grant project as one of the final expenditures. Anzalone explained the State pays PDA who makes payment back to the State for the project in conjunction with the grant.

Anzalone also indicated the disbursement in the amount of \$1.5 million was to the City of Portsmouth for PDA's semi-annual PILOT payment.

## **V. Approvals:**

### **1. FY 2025 Operating Budget and FY 2026 – FY228 Forecast**

Anzalone spoke to PDA's upcoming operating budget and forecast provided to the Committee. The PDA will budget \$20.6 million in operating revenues which represents a 4.5% increase over the prior year's budget with some of the big drivers being facilities' rentals, fuel flowage fees (also increase to gallons sold), an increase in concession revenue, golf fees and a decrease in fuel sales. Cash operating expenses just under \$18 million representing a 4.6% increase, major categories being in benefits, wages (cost of living increase plus merit increase cap of 2%), filling of positions on the organizational chart (assume open positions will be filled for a full year).

Brean informed the Committee that the Staff Attorney position has been on the organizational chart and a budgeted position but was not funded last year. Funding has been included for the upcoming year.

Anzalone stated that Technology and Internet costs are increasing each year due to the change in how the various subscriptions to software programs are managed; the shift is from a capital expense of hardware to an operating expense in the cloud.

Anzalone spoke to the anticipated decrease in utility costs and that PDA is working to secure a contract to lock in rates soon; rates have also decreased.

Anzalone indicated PDA does not have any long-term debt, therefore PDA does not need to follow any covenants. However, Anzalone calculates "days cash on hand" ("DCOH") and stated PDA would be able to survive approximately 8.5 months if revenue inflow slowed / ceased.

Ferrini asked the percentage of leasehold revenue would represent the total budgeted revenue; Anzalone responded just under half.

Anzalone also informed the Committee of potential issues and opportunities that are uncertain at the time the budget is prepared (i.e. MS4 Permit and its effects on environmental costs and cost recovery of airport expenditures) so the best estimate is made.

Brean spoke to previous Board discussions of an FBO study with a first step being petroleum onsite; second, being fuel operations; and third, the financial role for additional services. Brean spoke of historic landing and fuel flowage fees being the main generation of aeronautical revenue which

had been suspended about fifteen (15) years ago to entice heavy technical aircraft to stop at Portsmouth International Airport at Pease (“PSM”). Approximately four (4) years ago, the fuel flowage fee was restored. Traffic has increased, so PSM is looking at initiating additional fee options (referred to as an airport recovery fee). If PDA does not become an FBO there would need to be significant increase in fees to meet the airport’s capital improvement schedule to fund various aeronautical projects (i.e., Air Traffic Control Tower; Maintenance Facility, Operations Building etc.). PSM has an incredible market; funding the costs of projects with fees will be required for the airport to be self-sustaining.

Levesque asked whether an increase of fees being elastic; Brean affirmed and stated it would be a balance so PSM would not be disruptive to what has been created. Brean further indicated there are a lot of competitive models, and that Bangor and Plattsburg are PSM’s biggest competitors. Brean stated PSM is convenient, however, commercial operators receive aggressive offers from other airports.

Levesque asked of the status of the fire truck(s); Brean stated there is a placeholder in the budget. Fortunately, the issues the NH ANG (“ANG”) was having on servicing its fire vehicles has improved. ANG is anticipating delivery of a new truck in 2025. Brean spoke of the various conversations held with the ANG regarding PSM procuring a fire truck; it is a double edge sword as ANG cannot accept an outside entity paying for an item (fire truck). At this time, it would not be justifiable financially for PSM to purchase a fire truck that wouldn’t be utilized, PDA would not be able to get a new fire truck sooner than the NH ANG because of lead time issues. Anzalone spoke to rental of this item being incorporated under equipment rental. Brean further indicated that Manchester Regional (“MHT”) currently has a temporary truck on loan and PSM has held discussions with the vendor to indicate once the loaner is no longer needed at MHT, PSM has an interest to rent / lease the vehicle [asked vendor prior to the departure of the vehicle from the region, to notify PSM]. Lastly, Brean informed the Committee that PSM receives a status of ANG’s fire vehicle(s) weekly.

Ferrini asked about provision of funds by PDA to the General Fund of the State of New Hampshire; Brean indicated that would be a diversion of airport revenue. Anzalone indicated PDA does reimburse the State for any expenditures (i.e., DPH employees still on State payroll, administrative costs to administer PDA’s benefits, and SWCAP (administrative) fees.

Anzalone spoke further to a couple initiatives (i.e., increase to aeronautical revenue; working with DPH to address its net operating income deficit; operational strategic plan and strengthening of PDA’s procurement).

Anzalone spoke to various line items (i.e., fuel flowage increase; parking rates flat; 5% rental increase at Skyhaven (currently a waitlist) and anticipated golf rounds). Regarding DPH, Finance will be reviewing the fee structure, looking at efficiency initiatives, and anticipated fuel sales at the harbors.

Ferrini asked of the DPH deficit; Anzalone stated an approximate \$200,000.00 loss per year which is the importance of reviewing outside contracts, fee structures, and modifications in-house (staffing, etc.) to bring DPH in the positive.

Ferrini spoke to unexpected repairs necessary at DPH facilities and asked if PDA has a clear understanding of necessary DPH capital improvements. Also, whether PDA can utilize its funds to assist with DPH projects; Anzalone indicated PDA funds cannot be utilized for DPH projects.

Anzalone also spoke to the cash flow of PDA and DPH (including DPH's operating deficit) and capital expenditures. While most DPH projects are grant funded, there are a few that are not.

Brean indicated the PDA Board Chairman previously requested a clearer understanding of legislative funding requests for projects, this has been incorporated in the PDA Board agendas.

Anzalone spoke to the use of historical information, prioritization of projects and being conservative when preparing the budget.

Director Levesque **moved** the **motion** and Director Ferrini **seconded** that **the Pease Development Authority ("PDA") Finance Committee hereby recommends that the PDA Board of Directors approve and accept the proposed FY 2025 Operations and Maintenance ("O&M") Budget and FY 2026 – FY-2028 O&M Forecast; all in accordance with the presentation of Suzy Anzalone, Director of Finance, dated June 10, 2024.**

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

**VI. Next Committee Meeting:**

The next Finance Committee meeting is scheduled for September 9, 2024.

**VII. Director's Comments:**

None.

**VIII. Adjournment:**

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

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

Meeting adjourned at **9:29 a.m.**

**IX. Press Questions:**

There were no questions from the press.

Respectfully submitted,

Paul E. Brean  
Executive Director

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