

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

Thursday, March 20, 2014

Presiding: Peter J. Loughlin, Vice Chairman;
Present: John P. Bohenko; Margaret F. Lamson; Robert F. Preston; and Franklin G. Torr
Via Telephone: Robert A. Allard, Treasurer;
Absent: Arthur H. Nickless, Jr., Chairman
Attending: David R. Mullen, PDA Executive Director; Lynn Marie Hinchee, PDA General Counsel; PDA staff members; and members of the public.

I. Call to Order

Vice Chairman Loughlin called the meeting to order at 8:07 a.m. in the Board conference room, 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire.

Due to participation of Director Allard via telephone, all votes taken will be by roll call.

II. Acceptance of Board Meeting Minutes: January 16, 2014

Director Torr moved and Director Preston seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the January 16, 2014 Board meeting.** Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

III. Public Comment

Tom Carroll, Nobles Island, Portsmouth, NH, made comments regarding: Pollution and Grimmel Industries' operations at the Market Street Terminal; metal debris on Market Street; Portsmouth redevelopment project; damage to cars on Market Street; alleged pollution violations; "Save Our Working Port"; EPA actions; use of lay down area as temporary parking area; and study of potential clients.

Director Bohenko introduced City Councilor Brad Lown, the City's liaison to the PDA.

IV. Old Business

No old business was brought before the Board.

V. Financial Reports

1. Operating Results for Seven Month Period Ending January 31, 2014

Irving Canner, Director of Finance, reported on the status of PDA FY 2014 finances for the seven month period ending January 31, 2014. Operating revenues are in line with the budget, while operating expenses overall are \$482,000 over budget due, in part, to the write off of bad debts related to the GSA account and the increase in winter snow removal activities. Mr. Canner reviewed the year to year variances including changes in the personnel services and benefits costs. On January 31st, PDA employed 93 people including seasonal employees. By June 30, 2014, revenues are expected to be in line with the budget; while the operating expenses will be over budget. Mr. Canner reviewed the Balance Sheet including PDA's debt structure. In January, PDA drew \$1,750,000 from the Provident Bank line of credit. Mr. Canner reviewed the Consolidated Cash Flow chart and fluctuations in PDA's cash balances. A review of the Business Unit Analyses showed that as of December 31, 2013, there were over 22,000 enplanements at the Portsmouth International Airport at Pease; PDA has had to absorb a net cash flow loss of approximately

\$960,000 in support of Skyhaven Airport; the Golf Course has begun hiring seasonal employees and the player membership drive; and Grill 28 continues to exceed budgeted gross sales numbers. Mr. Canner reviewed the components of the Division of Ports and Harbors' ("DPH") unrestricted funds and how the profitability of the Market Street Terminal helps to support the other marine facilities. The Revolving Loan Funds has approximately \$1 million dollars in outstanding loans. Two loans were recently approved which will reduce the available fund balance to approximately \$26,000. If more loan applications are made, PDA may need to seek release of the EDA sequestered funds to accommodate any new loans. The fund has a 90% utilization rate.

2. Nine Month Cash Flow Projections to November 30, 2014

Mr. Canner reviewed PDA cash flow projections for the nine month period ending November 30, 2014. PDA anticipates approximately \$9.2 million in capital expenditures including approximately \$7.6 million in grant related projects. PDA will use the Provident Bank \$5 million line of credit to help finance the projects while waiting for grant reimbursements. Mr. Canner reviewed timing of the line of credit draw downs, the debt repayment schedule, and grant reimbursements. Mr. Canner reported that: 1) in February: PDA made the final payment on the \$5 million loan from the State; and 2) in March, PDA drew an additional \$1.0 million from the Provident Bank line of credit. Mr. Canner reviewed PDA's debt structure.

3. Capital Improvement Plan (FY 2014 – FY 2021)

Mr. Canner briefly reviewed the proposed PDA Capital Improvement Plan. There are approximately 175 capital projects that PDA may consider including grant funded and PDA funded projects. Director Lamson requested that a workshop be held to review the proposed projects. Director Bohenko concurred. Mr. Canner advised the Board that the proposal is an overview of prospective projects, and he reviewed the considerations involved in bringing a project forward. Mr. Canner reviewed the effect of the projects on PDA's cash balances and debt structure.

VI. Licenses/Easements/Rights of Way/Options

A. Approvals

1. Moulison North Corporation – Right of Entry Extension

Director Preston moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby approves of and consents to the extension of the Right of Entry ("ROE") dated August 8, 2013 with Moulison North Corporation for the purpose of storing conduit materials at 31 Exeter Street. The ROE is extended for a period of one (1) year effective April 5, 2014; and subject to all other terms and conditions of the Right of Entry remaining in full force and effect. Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.**

VII. Leases

A. Reports

In accordance with the "Delegation to Executive Director: Consent, Approval of Sub-sublease Agreements", David Mullen, Executive Director, reported on the following subleases:

1. One New Hampshire Avenue, LLC

One New Hampshire Avenue, LLC entered into a sublease with Northpoint Mortgage, Inc. for 1,859 square feet at 1 New Hampshire Avenue for a base term of three years effective January 15, 2014. Director Loughlin approved the sublease.

2. Two International Group, LLC

Two International Group, LLC entered into a sublease with Residential Mortgage Group for 1,100 square feet at 2 International Drive for a base term of one year. Director Loughlin approved the sublease.

3. 119 International Drive, LLC

119 International Drive, LLC entered into subleases at 15 Rye Street with: a) Allied Telesis, Inc. for 3,652 square feet for a base term of three years effective March 21, 2014; and b) REG Energy Systems, LLC for 2,587 square feet for a base term of three years effective February 1, 2014. Director Loughlin approved the subleases.

B. Approvals

1. We 72 Pease, LLC – Release 72 Pease Boulevard

Director Torr moved and Director Preston seconded that **The Pease Development Authority Board of Directors hereby approves and authorizes the Executive Director to issue a full release of WE 72 Pease, LLC's lease obligations for the premises located at 72 Pease Boulevard; all in accordance with the memorandum from David R. Mullen, Executive Director, dated March 12, 2014 and attached hereto. Note: Roll call vote required. Discussion:** None. **Disposition:** Resolved by unanimous roll call vote; motion carried.

2. One New Hampshire Avenue, LLC – Lease Amendment

Director Allard moved and Director Lamson seconded that **The Pease Development Authority Board of Directors approves of and authorizes the Executive Director to enter into a Lease Amendment No. 1 with One New Hampshire Avenue, LLC for the premises located at 1 New Hampshire Avenue to add one (1) five (5) year extension to the Lease term, to the extent such is a requirement of the lender to facilitate the anticipated refinancing of the leasehold mortgage.**

The term extension shall be subject to ground rent rate adjustments consistent with the Lease Agreement and PDA's obligation to obtain Fair Market Value for the leased property; all in accordance with the memorandum of David R. Mullen, Executive Director, dated March 13, 2014 attached hereto. Note: Roll Call vote required. Discussion: Vice Chairman Loughlin asked if any legislation for BRAC facilities has been put forth to allow the sale of property to landlords and have the proceeds put into a trust for property operations. Lynn Hinchee, PDA General Counsel, explained that Federal Aviation Administration regulations and the terms of the Public Benefit Transfer (“PBT”) do not allow for the sale of the property. The purpose of the PBT is to guarantee a revenue stream to keep the facilities operational as public facilities. Mr. Mullen advised the Board that one of the values of locating at Pease is the PDA's landlord interest in maintaining the Tradeport. **Disposition:** Resolved by unanimous roll call vote; motion carried.

3. Delegation of Duties – Lease Extension for Leasehold Mortgage

Director Bohenko moved and Director Torr seconded that **WHEREAS, the By-Laws provide that the Executive Director shall have all the authority of the Chairman with respect to the signing of contracts, leases, releases, bond, note and other instruments and documents approved by the Authority; and**

WHEREAS, the Authority deems it necessary to the management and regulation of its affairs to delegate to the Executive Director the authority to consent to, approve and execute required documents for lease term extensions as may be required by a lender as a condition to issuing a leasehold mortgage.

NOW, BE IT RESOLVED, that the Authority does hereby delegate to the Executive Director the

authority to consent to, approve and execute certain required documentation in accordance with the terms and conditions of the "Delegation to Executive Director: Consent, Approval, and Execution of Lease Term Extension for Leasehold Mortgages" attached hereto and incorporated herein by reference. Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

VIII. Contracts/Agreements

A. Reports

In accordance with Article 3.9.1.1 of the PDA Bylaws, Mr. Mullen reported that PDA entered into the following contract:

1. Invisible Intelligence, LLC

PDA contracted with Invisible Intelligence, LLC for the purchase and installation of a computer scanner system for airplane flight count at Skyhaven Airport. Chairman Nickless approved the expenditure of \$3,680.00.

B. Approvals

1. Optima Bank – Safety Deposit Box

Director Bohenko moved and Director Preston seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into an agreement with Optima Bank relative to the leasing of a safe deposit box.**

The following appointed official and employees who are authorized to endorse all checks, drafts, depository agreements and/or other related bank documents, are to be designated authorized Agents that will have access to the safe deposit box:

Robert Allard	Treasurer
David Mullen	Executive Director
Lynn Hinchee	General Counsel
Maria Stowell	Manager of Engineering
Irving Canner	Finance Director

The authority hereby conferred upon the above named Agents shall be and remain in full force and effect until written notice of the revocation is presented. Note: Roll Call vote required. Discussion: Director Bohenko asked if another Board member should be added to the authorizations. Attorney Hinchee advised the Board that PDA By-laws allow for another Board member to act in the absence of the Treasurer. Mr. Canner reported that PDA will use the safe deposit box services at Optima Bank for one year at no charge instead of TD Bank. The authorization is the same authorization that was used when the lease of the safe deposit box was previously authorized for TD Bank. Disposition: Resolved by unanimous roll call vote; motion carried.

2. Building Improvements – 55 International Drive

Director Lamson moved and Director Torr seconded that The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a contract in an amount not to exceed \$35,200 with H.L. Turner Group, Inc. of Concord, NH, PDA's architectural/engineering consultant, to provide engineering services to implement building improvements to the building located at 55 International Drive; all in accordance with the memorandum of Maria J. Stowell, P.E., Manager - Engineering, dated March 10, 2014 attached hereto. Note: Roll call vote required. Discussion: Mr. Mullen reported on the problems found in the building's attic. The repairs will address insulation problems, roof structural issues as well as the roof replacement.

Disposition: Resolved by unanimous roll call vote; motion carried.

3. Dan Fortnam – Contract Extension

Director Preston moved and Director Torr seconded that The Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to enter into Amendment No. 7 attached hereto to extend the Consulting Agreement with Daniel Fortnam through September 30, 2014 with one (1) option to extend through March 31, 2015 exercisable at the Executive Director's sole discretion. Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

4. UNUM Group – Long Term Disability Insurance

Director Torr moved and Director Preston seconded that The Pease Development Authority Board of Directors hereby authorizes the Executive Director to accept and bind Group Long Term Disability Insurance effective February 1, 2014 through January 31, 2015 for the continued benefit of the employees of Pease Development Authority as proposed by UNUM in the projected amount of \$17,670; and all otherwise in accordance with the memorandum of Irving Canner, PDA Director of Finance, dated March 10, 2014 attached hereto. Note: Roll Call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

5. USDA/WS Wildlife Control

Director Bohenko moved and Director Lamson seconded that The Pease Development Authority Board of Directors authorizes the Executive Director to execute a contract with the United States Department of Agriculture Wildlife Service (USDA WS) from January 1, 2014 through December 31, 2014, in the amount of \$17,998.70 for the purpose of providing integrated turkey, other large bird, and animal control and monitoring services at the Airfield; all in accordance with the memorandum of Kim W. Hopper, Airport Manager, dated February 13, 2014, and attached hereto.

In accordance with the provisions of RSA 12-G:8 VIII, the Board justifies the waiver of the RFP requirement based on the following reasons:

1. PDA has a long standing relationship with USDA WS stemming back to the time PDA was formed. As a part of that ongoing relationship, the USDA WS has maintained ongoing wildlife surveys, with data dating back to its first arrival at Pease. PDA does not want to interrupt this data stream;
2. The USDA WS conducts training classes for PDA Airport Operations Personnel on Airport Wildlife Hazard Management, to meet FAR 139 requirements. USDA is the FAA recognized authority for such required training. Note: This motion requires 5 affirmative votes.

Discussion: None. Disposition: Resolved by roll call vote 5 votes for – 1 abstention (Allard); motion carried.

IX. Executive Director's Reports/Approvals

A. Reports

1. Golf Course Operations

Scott DeVito, PGA General Manager, reported on the activities at the Pease Golf Course. The maintenance staff is finishing the annual overhaul of equipment and seasonal employee hiring has begun. The membership drive is ongoing with a total of 270 memberships to date. Various forms of membership advertising will continue. Nine new golf events are scheduled with a pre-booked number of over 2,500 tournament rounds. The Portsmouth Chamber of

Commerce will hold the first full field event on the renovated course on July 10th. Vice Chairman Loughlin asked if there were any impacts from the snow. Mr. DeVito reported that the staff is working on cleaning the greens and no damage has been found.

2. Airport Operations

Bill Hopper, Airport Manager, reported on aviation activities.

a) Skyhaven Airport ("DAW")

The Wings and Wheels event will be held on June 14th. The scanner counter is operational and will provide good information regarding the number of planes using the Airport both during the day and at night. The runway project is ongoing. PDA will meet with neighbors of Skyhaven to review the project and the impact on the local area as well as the Rochester City Council.

b) Portsmouth International Airport at Pease ("PSM")

The Noise Exposure map is almost finished. A public meeting will be held in April or May to review the map and then provide updates at the Noise Compatibility Committee meetings. Allegiant Air is doing very well and the feedback from Allegiant is good. A license plate survey of the Airport parking lot during the March vacation week found 27 cars from New Brunswick, Canada. Mr. Hopper believes that the free parking is drawing passengers to PSM.

c) Noise Line Report

Mr. Hopper reported that a total of 8 calls were received in January and February. Four calls were from the Sherburne Road area regarding helicopter noise and a military practice flight; one call was from Portsmouth regarding a medical cargo flight; and three calls were about noise from ground run-ups. Mr. Hopper reported that during the heavy snow storms, planes were not able to use the ground run-up enclosure due to the snow and sand. The enclosure is now open.

Director Preston asked about the end of Allegiant Air flights. Mr. Hopper reported that the flights to Punta Gorda, FL, originally scheduled to end on March 31st, will end on April 28th. The flights to Sanford, FL will continue. Dan Fortnam and Mr. Hopper will meet with Allegiant in April regarding the Punta Gorda flights. In response to Director Preston, Mr. Hopper reported that he is very pleased with Mr. Fortnam's efforts.

B. Approvals

1. Bills for Legal Services

Director Allard moved and Director Bohenko seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds in the total amount of \$1,073.00 for legal services rendered to the Pease Development Authority by:**

1. Sheehan Phinney Bass + Green Through January 31, 2014	<u>\$1,073.00</u>	Total	<u>\$1,073.00</u>
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Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

X. Division of Ports and Harbors

A. Division Director's Report

1. Port Advisory Council

Geno Marconi, Division Director, reported that the Port Advisory Council met on March 19, 2014. Christopher Holt, a Piscataqua River pilot, was appointed to replace Richard Holt. The Council discussed: vessel registrations fee structure; a review of its By-laws; and a proposed amendment to Administrative Rules Pda 300 regarding the need for an assist tug during certain towing operations. Council member Eric Anderson reported that emergency funding for the fishing industry was approved by Congress. Funds will be made available to all New England states.

2. Mooring Permits

Mr. Marconi reported that the late filing period for mooring permit applications expired on March 17, 2014. Mr. Marconi reviewed the permitting process and reported that overall 18 mooring permits will expire on March 31, 2014. The expired permits will be offered to people on the wait list for the appropriate area. Three hundred seventy-three wait list applications were received.

Director Preston asked if the revenues at Hampton Harbor will increase when DPH takes over the fuel sales. Mr. Marconi reported that the facilities usually do not generate positive revenues. Maintenance costs should level out. Director Loughlin questioned why less permits were mailed in 2014 than in 2013. Mr. Marconi reported that the report is for the number of active mooring permits that were mailed out.

3. Annual Dredge Report

Mr. Marconi reported that in accordance with statutory requirements DPH submitted the Annual Dredge to the State. DPH worked with the Army Corps of Engineers, and the Coastal Coordinator at NH DES to prepare the report. The Dredge Task Force continues to meet to review dredging problems.

4. International Salt Co.

Mr. Marconi reported that he received a letter from International Salt Co. exercising its option to extend the contract for operations at the Market Street Terminal for one year. The contract will expire on May 31, 2015.

B. Approvals

1. Pda 300 – 700 Fee Rules Amendments

Director Lamson moved and Director Bohenko seconded that **The Pease Development Board of Directors hereby approves the Initial Proposal for the amendment to Administrative Rules:**

- a. **Pda 311.01 Pilot Fee Schedule**
- b. **Pda 512.01 Mooring Fee Schedule**
- c. **Pda 610.01 Fee Schedule (State Owned Commercial Piers and Associated Facilities)**
- d. **Pda 710.01 (Slip Permits; State-Owned Restricted Piers)**

Further, the Board authorizes the Division Director to take any necessary or recommended action in furtherance of this matter; all in accordance with the memorandum of Geno J. Marconi, Division Director,

dated February 28, 2014 attached hereto. Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

2. Pda 311 – Amendments to Rules and Fee Schedule

Director Bohenko moved and Director Torr seconded that The Pease Development Board of Directors hereby approves of the:

- a. Initial Proposal for the amendment to Administrative Rules Pda 311.03 "Pilotage Fees Based on Pilotage Unit Rates; Flat Fees" attached hereto.
- b. Proposed "Schedule of Pilotage Fees and Pilotage Unit Rates, Portsmouth Harbor and Piscataqua River" attached hereto;

and authorizes the Division Director to take any necessary or recommended action in furtherance of this matter; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated February 28, 2014 attached hereto. Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

3. Shoals Marine Lab – Burge Wharf

Director Torr moved and Director Preston seconded that The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute Amendment No. 7 to Right of Entry for Non-Exclusive Use of Parcel A-2 and Burge Wharf by Cornell University - Shoals Marine Lab for the purpose of extending the Right of Entry for a period of one (1) year from April 1, 2014 through March 31, 2015; all in accordance with the terms and conditions contained in the memorandum of Geno J. Marconi, Division Director, dated March 11, 2014 attached hereto. Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

4. Star Island Corporation – Burge Wharf

Director Lamson moved and Director Torr seconded that The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into Amendment No. 7 to the Right of Entry for Non-Exclusive Use of Parcel A-2 and Burge Wharf with Star Island Corporation for the purpose of extending the Right of Entry for a period of two (2) years from April 1, 2014 through March 31, 2016 on the terms and conditions set forth in the memorandum of Geno J. Marconi, Division Director, dated March 11, 2014 attached hereto. Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

5. Steaker Fishing Charter – ROE

Director Preston moved and Director Torr seconded that The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a Right of Entry with Steaker Fishing Charters for marine charter vessel operations located at the Hampton Harbor Marine facility from April 1, 2014 through June 30 2017; all otherwise in accordance with the terms and conditions set forth in the memo of Geno J. Marconi, Division Director, dated March 10, 2014, and attached hereto. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

6. Bills for Legal Services

Director Allard moved and Director Torr seconded The Pease Development Authority Board of Directors

authorizes the Executive Director to expend funds in the total amount of \$12,752.25 for legal services rendered to the Division of Ports and Harbors by:

1.	Sheehan Phinney Bass + Green	
	Through January 31, 2014	\$ 4,700.25
		\$ 116.00
		<u>\$ 7,936.00</u>
	Total	<u><u>\$12,752.25</u></u>

Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

XI. Special Events

Marie Aleksy, PDA Paralegal, reported on the following special events on the Tradeport:

1. On Sunday, May 25, 2014, Runners Alley and Redhook Ale Brewery will host a 5k road race. Funds raised will benefit the Krempels Brain Injury Foundation.
2. On Saturday, June 7, 2014, Girls on the Run (GOTR) will host a 5k road race. Funds raised will be used to support GOTR running programs for young girls.
3. On Sunday, June 8, 2014, Sexual Assault Support Services ("SASS") will host a 5k road race. Funds raised will be used to support SASS programs.

XII. New Business

No new business was brought before the Board.

XIII. Upcoming Meetings

Vice-Chairman Loughlin reported that the following meetings will be held:

Audit Committee	April 23, 2014
Board Meeting	April 24, 2014

All Board and Committee meetings begin at 8 a.m. unless otherwise posted.

XIV. Directors' Comments

There were no comments from the Directors.

XV. Non-Public Session

Director Lamson moved and Director Torr seconded to **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 discussing the acquisition, sale or lease of property.** **Note:** Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote;

motion carried. The Board entered into non-public session at 9:18 a.m. The Board returned to public session at 10:41 a.m.

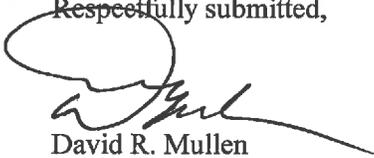
XVI. Adjournment

Director Bohenko moved and Director Preston seconded to **adjourn the Board meeting**. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried. Meeting adjourned at 10:42 a.m.

XVII. Press Questions

No members of the press attended the meeting.

Respectfully submitted,



David R. Mullen
Executive Director/Secretary