

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

**Thursday, May 15, 2014**

Presiding: Arthur H. Nickless, Jr., Chairman  
Present: Robert A. Allard, Treasurer; John P. Bohenko; Margaret F. Lamson; Peter J. Loughlin, Vice Chairman; and Robert F. Preston  
Absent: Franklin G. Torr  
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**

Chairman Nickless called the meeting to order at 9:12 a.m. in the Board conference room, 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire.

**II. Acceptance of Board Meeting Minutes:**

Chairman Nickless reported that the transcribed Minutes for the April 24, 2014 Board meeting will be presented at the June, 2014 Board meeting. Tapes of the April Board meeting are available upon request.

**III. Public Comment**

Tom Carroll, Nobles Island, Portsmouth, NH, made comments regarding: good management practices; scrap metal operations; water spraying; fugitive rust dust; reports to NH DES regarding scrap metal operations; use of containers for scrap metal; Save Our Working Port ("SOWP") actions; cargo container business at the Market Street Terminal; and Grimm Industries scrap metal contract requirements. Bob Hassold, Portsmouth, NH, made comments regarding: city life and beautification of Portsmouth; Tom Carroll's actions regarding scrap metal operations; scrap metal operations and rust dust; SOWP purposes and actions; work of PDA; scrap metal piles; beautification of Market Street; and need for PDA to take action regarding scrap metal operations.

**IV. Old Business**

**A. Approvals**

**1. Grimm Industries, LLC**

Director Allard moved and Director Bohenko seconded that:

**WHEREAS, on January 24, 2002 the PDA Board of Directors authorized the first agreement with Grimm Industries, LLC. (formerly known as Rensselaer Iron & Steel) to commence operations at the Division of Ports and Harbors (DPH) Market Street Terminal; and**

**WHEREAS, on August 20, 2009, Grimm Industries, LLC (Grimmel) requested and was granted a 4th Amendment to its License and Operating Agreement dated August 1, 2005, which amendment extended the contract term for a maximum five (5) year period through December 31, 2014; and**

**WHEREAS, on December 31, 2014, the License and Operating Agreement by and between the PDA DPH and Grimm will expire by its terms; and**

**WHEREAS, the PDA Board of Directors intends to provide to Grimm a minimum of six (6) months notice of its intent in order to permit an orderly termination of bulk cargo activities, removal of stored materials and equipment and restoration of the Licensed Premises; and**

**WHEREAS, the PDA Board of Directors desires to continue to explore and to encourage opportunities for an increased variety of maritime commerce at the Market Street Terminal;**

**NOW, THEREFORE, the PDA Board of Directors resolves as follows:**

**1. The PDA will permit, without waiver of any existing terms and conditions, the License and Operating Agreement to expire by its terms on December 31, 2014 and, in connection with such expiration directs the Port Director to:**

- a) send a written letter of notice to Grimmel that the License and Operating Agreement, as amended, will expire at midnight on December 31, 2014 and will not be renewed;**
- b) negotiate with Grimmel a written plan for winding down operations at the Market Street Terminal and removal and transport on or before the expiration of the License and Operating Agreement of all stored materials and equipment from the Storage Area, Scale House; and any other location at the Market Street Terminal utilized by Grimmel;**
- c) negotiate with Grimmel an agreement to provide that in the event Grimmel completes removal of all stored materials and equipment and cooperates with DPH with respect to inspections, required repairs, and restoring the pier deck, terminal pavement and Storage Area as required in Article 6 of the License and Operating Agreement, PDA will permit termination of the License and Operating Agreement prior to its expiration date and return any pre-paid rents to Grimmel pro-rated accordingly;**
- d) engage Appledore Marine Engineering, Inc (AMEI) to perform field inspections to determine the condition of all structural and non-structural deficiencies requiring maintenance, repair or restoration in accordance with the terms of the License and Operating Agreement.**

**2. Consistent with the PDA's efforts to encourage diversification at the Market Street Terminal the PDA Board of Directors directs the PDA Staff and Port Director to identify and to record for the Board their continuing efforts to develop appropriate maritime uses consistent with expressed legislative intent and long standing recommendations for water dependent uses at this location, recognizing that existing conditions, proximity to residential uses, port capabilities, market opportunities and facility requirements and limitations do present unique challenges to maritime industry at this location.**

**3. Request the Executive Director, Port Director, and Director of Finance continue to review and to advise the PDA Board of Directors with respect to financial implications, budget recommendations and required operation modifications associated with the loss of revenue that will result from the expiration of the Grimmel License and Operating Agreement. Discussion: Director Bohenko advised the Board that he supported the last renewal of the Grimmel contract based on Grimmel using best management practices for its operations and that there is a need for diversification of activities at the Port. Director Lamson noted that she has supported Director Bohenko's position and the use of best management practices. Chairman Nickless stated that the Board and PDA staff has worked on the scrap metal issue for a long period of time. PDA has weighed the cost benefits analysis of the operations and determined that the operations were not cost effective. Disposition: Resolved by unanimous vote; motion carried.**

## V. Finance Report

### 1. Operating Results for Nine Month Period Ending March 31, 2014

Irving Canner, Director of Finance reported on the status of PDA FY 2014 finances for the nine month period ending March 31, 2014. Mr. Canner reviewed the variances that resulted in operating revenues to be below budget by 2.2% and higher operating costs of 6%, due in part to winter snow removal costs, delays in the start up of the Hampton Harbor fueling system, reduced play at the Golf Course, and the GSA accounts receivable bad debt adjustment. Fringe benefits costs have increased and seasonal employees are being hired for the Golf Course and the DPH facilities. Mr. Canner also reviewed the variances of the buildings and facilities maintenance budget due to the reallocation of administrative labor costs to the business units. Mr. Canner reviewed the Consolidated Statement of Net Position (balance sheet) including: the costs of capital improvement projects; reduction of cash due to payment of capital improvement projects; and reduction in accounts payable due, in part, to debt repayment. A review of the business units showed that enplanements at Portsmouth International Airport at Pease (PSM) have exceeded 12,000. The Golf Course opened on April 14<sup>th</sup>. Approximately 1,600 rounds of golf were played in April. The simulators and bar/grill sales have exceeded revenues for the same period last year. DPH unrestricted funds operating income (excluding depreciation) has decreased by approximately \$76,000. The Revolving Loan Fund has over \$1 million in loans outstanding and the capitalization ratio is at 90%. One new loan was issued in April.

### 2. Nine Month Cash Flow Projections to January 31, 2015

Mr. Canner reviewed PDA cash flow projections for the nine month period ending January 31, 2015. PDA anticipates spending approximately \$9.8 million on capital improvement projects, including the Skyhaven Airport runway improvement project, the multi-use path project, and the mitigation project at Portsmouth International Airport at Pease ("PSM"). PDA will continue to draw on the short term line of credit with the Provident Bank to finance projects while awaiting grant reimbursements. Mr. Canner reviewed the interest rates paid for borrowings.

### 3. EDA Semi-Annual Filing – Revolving Loan Fund

Mr. Canner reported that as required by the Economic Development Administration ("EDA"), PDA prepared and filed its semi-annual report on the Revolving Loan Fund ("RLF") for the period ending March 31, 2014. Since inception, PDA has made 82 loans to commercial fishermen totalling approximately \$3.5 million; 82 jobs were created; and 170 jobs were saved. Currently there are approximately \$1 million in loans outstanding. Cash available for loans is approximately \$50,000. PDA will seek release of EDA sequestered funds of \$43,000 if needed. Currently, there are 27 loans outstanding. Since the beginning of the program, only one bad debt was written off.

## B. Approvals

### 1. Investment Guidelines

Director Bohenko moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby adopts the Investment Guidelines as presented by Irving Canner, PDA Director of Finance, dated May 1, 2014 and attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

### 2. Portsmouth Chevrolet – Pickup Truck

Director Lamson moved and Director Loughlin seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a contract with Portsmouth Chevrolet of Portsmouth, NH in an amount not to exceed \$35,643.00 for the purchase of one pickup**

truck; all in accordance with the memorandum from Joseph McPherson, Facilities Resource Manager, dated March 6, 2014 attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

### 3. Obstruction Mitigation Part – FAA Grant Acceptance and Contract

Director Preston moved and Director Lamson seconded that **In connection with the FAA grant to design the removal of airspace obstructions at Portsmouth International Airport at Pease and the additional review of affected acreage which necessitated the need to increase the scope of work required thereunder, the Pease Development Authority Board of Directors authorizes the Executive Director to:**

1. **Accept from FAA a grant amount of \$299,700 (90% of \$333,000);**
2. **Accept from NHDOT a grant amount of \$16,650 (5% of \$333,000);**
3. **Allow PDA to contribute \$16,650 (5% of \$333,000);**
4. **Amend the existing on-call services contract with Hoyle, Tanner & Associates to add engineering services for Obstruction Removal-Permitting and Design in the amount of \$192,000; and**
5. **Expend \$141,000 for permitting fees plus other sponsor administrative items;**

**all otherwise in accordance with the memorandum of Maria J. Stowell, P.E., Manager of Engineering dated May 7, 2014 and attached hereto. Discussion: Director Lamson asked about the increase in obstructions areas from 12 acres to 67 acres. Maria Stowell, PDA Engineer – Manager, explained that PDA met with the FAA to review the work. It was determined that the areas of imaginary penetration needed to be increased and the Part 77 surface needed to be reviewed. Bill Hopper, Airport Manager, reported that the Part 77 refers to the FAA regulation regarding obstructions to air navigation. Director Lamson confirmed the locations of the forest and the wetlands, which are near the Blue 9 golf course. Director Lamson questioned the fees for Hoyle Tanner & Associates. Ms. Stowell reviewed the work that will be included in the fees, including wetland delineations. Director Preston asked if the proposed work is repetition of past engineering services. Ms. Stowell reported that PDA Land Use Controls require that delineations older than three years must be redone. The area north of the Golf Course has not been delineated. Disposition: Resolved by unanimous vote; motion carried.**

### 4. Airport Operations Modular Office

Director Allard moved and Director Preston seconded that **The Pease Development Authority Board of Directors hereby approves of the cumulative expenditure an amount not to exceed \$25,000 for the purpose of attaching a modular trailer to the 36 Airline Avenue facility and otherwise undertaking such work as is required to create additional office space in the trailer for PDA's Airport Operations personnel; all in accordance with the memorandum of Kim W. Hopper, Airport Manager, dated May 8, 2014 and attached hereto. Discussion: Director Lamson is pleased that modular office will be added as additional space is needed at the facility. Director Lamson would like to see the landscape improved in front of the building. Disposition: Resolved by unanimous vote; motion carried.**

## VI. Leases

### A. Approvals

#### 1. Great Bay Community College Expansion

Director Preston moved and Director Allard seconded that **In connection with the planned expansion of Great Bay Community College and the construction of the Student Success Center, the Pease Development Authority Board of Directors hereby i) approves the Concept Plan, and ii) authorizes the Executive Director to negotiate and enter into a Lease Amendment with Great Bay Community College both subject to the terms and conditions recommended by Maria J. Stowell and set forth in her memorandum dated May 13, 2014, attached hereto and incorporated by reference.** Discussion: North Sturtevant of JSA Architects reviewed the proposed plan. Great Bay Community College (GBCC) wants construct a 26,000 square foot 2 story facility located at the west end of the current building to be used as a student success center. The building would include a gymnasium, locker rooms, fitness center, and student bookstore. Six thousand square feet of renovated space will also be used for a total of 30,000 square feet. Mr. Sturtevant reviewed the parking space plan for a total of 110 spaces; and the changes to the entrance. GBCC is seeking changes to the required setbacks. Mr. Sturtevant reviewed the use of the berm and elevation changes. Chairman Nickless viewed the berm and felt it provides sufficient buffer from traffic. Director Bohenko is pleased with the success of GBCC and the proposed project. Ms. Stowell reviewed the conditions attached to the concept plan, including the plan approval process; that GBCC obtain permission from PDA for uses outside the scope of the usual uses of a community college; that the parking conditions be reviewed annually to determine if there are parking shortages; that PDA's consultant would also review the parking and traffic data; the definition of the side yard; and that the Board grant approval of the front yard parking setback encroachment. Chairman Nickless felt that the side yard is not a problem. Director Loughlin asked if under the terms of the lease, PDA will retain the ability to work on the parking issues. Attorney Hinchee, PDA General Counsel, reported that PDA will seek to add amendments to the lease regarding the parking issues. Disposition: Resolved by unanimous vote; motion carried.

## VII. Contracts/Agreements

### A. Approvals

#### 1. Grounds Maintenance Agreement

Director Loughlin moved and Director Preston seconded that **The Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to enter into a contract with Elf's Landscaping, Inc. of Rochester, NH, to provide ground maintenance services for PDA maintained facilities at the Pease International Tradeport and Division of Ports and Harbors' properties for a period of three (3) years, to include two (2) one (1) year options which may be exercised in the sole discretion of the Executive Director, all in accordance with the memorandum of Joseph McPherson, PDA Facilities Resource Manager, dated May 12, 2014 and attached hereto.** Discussion: Mr. Mullen reviewed the areas that Elf's will maintain and the work periods under the terms of the contract. Director Lamson confirmed the number of employees and the rates that Elf's will charge. Disposition: Resolved by unanimous vote; motion carried.

## VIII. Signs

### A. Approvals

#### 1. Ballfield – Rye Street

Director Lamson moved and Director Bohenko seconded that **The Pease Development Authority Board of Directors hereby approves of the proposed sign requested by the City of Portsmouth for the Ballfield at Rye Street; all in accordance with the memorandum of Maria J. Stowell, P.E., Manager -**

**Engineering, dated May 7, 2014 and attached hereto. Discussion:** None. **Disposition:** Resolved by unanimous vote; 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. There are 8 leagues playing as of May 1<sup>st</sup>. Last year, the Golf Course hosted a total of 81 functions. This year to date, 15 functions have been held and 69 more are pre-booked through the end of the year. Grass overseeding is being done on some of the lower holes. Wadsworth Construction will come in to complete its punch list for the project. The lower nine will open July 1<sup>st</sup>. In response to Director Preston, Mr. DeVito reported that there are 221 adult members and a total membership of 235 including juniors and students. In 2012 there were approximately 280 members. Director Preston complimented the staff for the Golf Course web page. Mr. DeVito reported that there are 3,800 people in the Golf Course data base. The Golf Course staff continues to work on marketing and is expanding its marketing area. In response to Director Allard, Mr. DeVito informed the Board that the cap for membership is 350 total. Mr. DeVito reviewed the membership fees and the various golf course passes.

#### **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 14<sup>th</sup>. Work will begin on rebuilding the runway.

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

Construction is ongoing on the runway on the Alkaline Silicate Remediation program. Drainage work will begin next month. Allegiant Airlines is pleased with the PSM to Sanford, FL flights. Allegiant may consider resumption of the Punta Gorda, FL flights in the fall. Allegiant sponsored a marketing event at the Market Street Terminal. The Noise Compatibility Committee will meet on May 15, 2014. A meeting on the noise exposure map was previously held and was well attended by Portsmouth and Newington representatives. Director Lamson noted that the noise contour has shrunk and that the C-5 airplanes were very active. Director Lamson complimented Sandy McDonough, PDA Noise Liaison, for her efforts dealing with noise complaints.

##### **c) Noise Line Report**

Mr. Hopper reported that there were a total of 10 inquiries in April regarding overnight activities of the medical flights and the C-5 military flights. Director Loughlin noted that most complaints are because of the medical flights at night. Director Loughlin questioned if anything can be done to have the medical flight operators use a quieter type of airplane. Mr. Hopper told the Board that the medical flights have been very cooperative in trying to work within PDA's noise restrictions. Director Loughlin felt that the flights are very disruptive. Director Preston agreed with Director Loughlin regarding the noise created by the type of planes that used, but noted that the medical flights are for urgent medical needs.

**B. Approvals**

**1. Brain Injury of NH - Airfest**

Director Preston moved and Director Loughlin seconded that The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a license agreement with the Brain Injury Association of New Hampshire for the purpose of sponsoring an Airfest on Saturday, August 9, 2014 on that portion of the North Apron which is controlled by the PDA. Additionally, in consideration of the value of the community good will and promotion of the airport that the event will generate, the Board authorizes the Executive Director to adjust the fee charged for the event if and as may be appropriate; all in accordance with the memorandum from Bill Hopper, Airport Manager dated May 8, 2014 and attached hereto. Discussion: Stephen Wade of the Brain Injury Foundation expressed his appreciation to the Board for the airfest. The event is not an air show, but a fair with an aviation theme. Mr. Wade reported on the proposed activities for the family event. The Brain Injury Foundation is partnering with the NH ANG Assistance Foundation. Disposition: Resolved by unanimous vote; motion carried.

**2. Bills for Legal Services**

Director Loughlin moved and Director Allard seconded that The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds in the total amount of \$1,935.00 for legal services rendered to the Pease Development Authority by:

<b>1. Anderson &amp; Kreiger LLP</b>			
<b>Through March 31, 2014</b>	<b>\$1,935.00</b>		
		<b>Total</b>	<b>\$1,935.00</b>
			<u><u>          </u></u>

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

**X. Division of Ports and Harbors**

**A. Division Director's Reports**

**1. Port Advisory Council**

Geno Marconi, Division Director, reported that the Port Advisory Council will meet on May 21<sup>st</sup>. A public hearing will be held for the proposed schedule for the pilots' fees and the amendments to the pilots' fee schedule. The amendments will be brought to the Board for approval.

The Division facilities' are being readied for the summer season.

**B. Approvals**

**1. Harbor Dredging and Pier Maintenance Project – Capital Budget Overview Committee**

Director Bohenko moved and Director Lamson seconded that In accordance with the approval of the Capital Budget Overview Committee, the Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to expend \$98,200 from the Harbor Dredging and Pier Maintenance Fund for payment of the Division's portion of a study by the US Army Corps of Engineers to identify dredge material disposal sites in connection with the expansion of the Piscataqua River

**Uppermost Turning Basin; all in accordance with the memorandum of Geno Marconi, Division Director, dated May 7, 2014 and attached hereto. Discussion:** Director Preston asked if the proposed funding will affect the Hampton Harbor project. Mr. Marconi reported that the funding for the project will not affect the Hampton Harbor project and he reviewed the sources of funding for both projects. Director Preston confirmed that there will be sufficient funds kept in the Harbor Dredging and Pier Maintenance fund for future pier maintenance and repairs. **Disposition:** Resolved by unanimous vote; motion carried.

**2. Bills for Legal Services**

Director Allard moved and Director Preston seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds in the total amount of \$12,288.00 for legal services rendered to the Division of Ports and Harbors by:**

<b>1. Sheehan Phinney Bass + Green</b>		
<b>December 3 thru December 31, 2013:</b>	<b>\$6,396.00</b>	
	<b><u>\$5,892.00</u></b>	
	<b>Total</b>	<b><u>\$12,288.00</u></b>

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

**XI. New Business**

No new business was brought before the Board.

**XII. Upcoming Meetings**

Chairman Nickless reported that the following meetings will be held:

Audit Committee	June 17, 2014
Board Meeting	June 19, 2014

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

**XIII. Directors' Comments**

There were no Directors' comments.

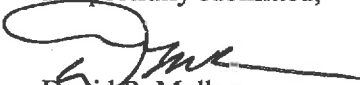
**XIV. Adjournment**

Director Loughlin moved and Director Lamson seconded to **adjourn the Board meeting.** **Discussion:** None. **Disposition:** Resolved by unanimous vote; motion carried. Meeting adjourned at 10:27 a.m.

**XV. Press Questions**

No members of the press attended the meeting.

Respectfully submitted,

  
David R. Mullen  
Executive Director/Secretary