

PEASE DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
MINUTES

Thursday, August 21, 2014

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

Vice-Chairman Loughlin called the meeting to order at 7:33 a.m. in the Board conference room, 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire.

II. Non-Public Session

Director Allard moved and Director Torr seconded that **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 7:34 a.m. The Board returned to public session at 8:47 a.m.

Chairman Nickless called the public meeting back into session at 8:47 a.m.

(Note – Due to a problem with transcriber, Item III and the comments made by first three speakers and a portion of the fourth speaker's comments were transcribed from notes only).

III. Acceptance of Board Meeting Minutes: June 19, 2014

Director Preston moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the June 19, 2014 Board meeting. Discussion:** None. **Disposition:** Resolved by unanimous vote; motion carried.

IV. Public Comment

Don Coker, Strafford, NH, on behalf of Grimmel Industries (“Grimmel”), made comments regarding the economic impact of the non-renewal of the scrap metal contract and its effect on the economy, local businesses, and employees.

Bruce Crawford, Executive Director of Auto and Truck Recyclers Association of New Hampshire, made comments regarding the non-renewal of the Grimmel scrap metal contract, including: the effect on the competitive market for recycled products; the impact on related jobs throughout New England; how will PDA replace Grimmel revenue and jobs; non-renewal of contract due to complaints from small number of people.

George Sacco, Metal Farm, Farmington, NH, made comments regarding the trickle-down effect of the job losses if the Grimmel operations leave the Terminal; the need to keep the scrap metal and bulk commodity operations going for security purposes; and the need to renew the Grimmel contract.

Jeff Canter, Car World of Candia NH, made comments regarding the scrap metal operations; number of related jobs in various industries connected to scrap metal operation; scrap metal operations in Boston; the need for competition to keep business profitable; the need to keep the Port open; and NH DES efforts to clean up the

industry. Chairman Nickless confirmed that Schnitzer Steel is the Boston operator. Mr. Canter reviewed the processing of scrap metals from cars.

Edsel Harding, Harding Metals, Northwood, NH, made comments regarding scrap metal operations, including: his operations and employees; the support of his business by Grimmel's operations; efforts by junkyards to keep clean operations; history of operations at the Port including the Bulkloader contract; need for revenue at the Terminal; and the need to keep the scrap metal operations at the Terminal.

Chairman Nickless asked what junkyards did with the metal during the term of the Bulkloader contract (1998 – 2003). Mr. Harding reported that scrap metal operators had to deal with Schnitzer Steel and he gave a history of his business dealings with Schnitzer.

Rick Belanger, Ponderosa Salvage, Epsom, NH, made comments regarding scrap metal operations, including: the cost of doing business with Boston operations and the effect on his business during the Bulkloader operations; Grimmel operations; and need to think "outside box" to solve the issues.

Stephen Root, Portsmouth Harbor Towing, made comments regarding scrap metal operations, including: his company's provision of non-union labor crews to tie up ships; the trickle-down effect if the Grimmel contract is not renewed; his company's commitment to the Port and to Grimmel to keep costs down to keep businesses going; and the monopolization of business by Boston company if contract is not renewed.

Dick Holt, Portsmouth Pilots – Moran Towing, made comments regarding scrap metal operations, including: problems with Bulkloader operations; the mission of the Division of Ports and Harbors; the unfair economic impact on numerous business and people if the contract is not renewed; the need for best management practices; use of industry watchdogs to deal with daily issues; fugitive rust dust studies; no good reasons to terminate Grimmel; who are making complaints received; Grimmel's improvements to Terminal; use of Terminal for Sarah Long Bridge construction; need to keep the Port open; loss of jobs; impact on boat towing business; and need to work towards solutions.

Roger Groux, Dover, NH (member of Port Advisory Committee and State Auto Association), made comments regarding scrap metal operations, including: Port Advisory Council's discussions with Port Committee regarding Grimmel; the Advisory Council's concerns about the termination of the Grimmel contract; the effect of the termination of the contract on state salvage yards; and due consideration of the Grimmel counterproposal

Brian Bush, Pepperell Cove Marine, made comments regarding scrap metal operations, including: the loss of business if Grimmel contract is terminated; use of the summer income to support families in winter months; and need to renew Grimmel contract.

Paul Wiseman, Moran Towing, made comments regarding scrap metal operations, including: PDA's responsibility to oversee Grimmel operations and put safeguards in place to prevent problems; pollution is not acceptable; economic impact and loss of jobs by termination of contract.

Rob Brenna, Berwick Iron Metal and Recycling, made comments regarding scrap metal operations, including: scrap metal is generated by people daily; how his business will not be impacted because losses will be passed on to his customers; what is in the people's best interest; find ways to fix air quality and fugitive rust dust; trickle-down effect of termination of Grimmel contract.

Frank Blaney, Blaney Auto Crushing, made comments regarding scrap metal operations, including: the lack of business during the Bulkloader operations; Grimmel scrap operations should remain at the Terminal; and the economic impact of the termination of the contract.

George Sacco, Metal Farm, Farmington, NH, made additional comments regarding the scrap metal operations including: the need for the Port to be open; steel is needed in the time of crisis; pollution damage is done and should not be an issue; problems with people making complaints; and Grimmel's contract should be renewed.

Jeff Cantor, Car World, made additional comments regarding the scrap metal operations including: the loss of money caused by termination of contract that will prevent scrap metal dealers from buying automobiles; costs will be passed on to customers; cars will not be recycled; and competition is good for recycling.

Dick Holt, Portsmouth Pilots – Moran Towing, made additional comments regarding the amount of money that will be lost if Grimmel ships are not brought into the Terminal.

Edsel Harding, Harding Metals, Northwood, NH, made additional comments regarding the scrap metal operations including: Grimmel's loading operations and revenues received for wharfage and dockage and other fees paid to the State; why would people want to lose revenue to the State; repeat of the Bulkloader history; and PDA mission statement.

Don Coker asked the Board to reconsider its decision to terminate the Grimmel contract; to work forward; and address concerns.

Chairman Nickless expressed his concerns that there is a terrible misconception that the Board's decision was made because of complaints received. In the past, the contract went forward despite complaints. The decision to terminate was a business decision based on a number of reasons, including issues with the EPA and NH DES and not based on a few complaints. Chairman Nickless thanked the public for taking the time to express their opinions regarding the Grimmel contract.

(Note: Meeting recessed at 9:23 a.m. and resumed at 9:32 a.m.)

V. Old Business

There was no old business brought before the Board.

VI. Finance Report

A. Reports

1. Operating Results for Twelve Month Period Ending June 30, 2014

Irving Canner, Director of Finance reported on the status of PDA FY 2014 finances for the twelve month period ending June 30, 2014. The report is considered preliminary as fiscal year-end costs and expenses are still being processed. Revenues were down by approximately 3.4% due, in part, to the late start of fuel sales at Hampton Harbor and the suspension of GSA rental payments. Operating expenses are over budget by approximately 8%. Variances in operating expenses include: building facility maintenances expenses over budget by \$1 million due to dredging at Hampton Harbor; higher costs and expenses for snow removal; unbudgeted labor transfer and an increase in electricity consumption. Mr. Canner reviewed the saving PDA received by using an electricity service provider other than PSNH. Director Bohenko cautioned that electricity prices are expected to increase before the end of the year. The current contract expires on December 31, 2014 and PDA will put out an RFP for electricity provider services in December. Staffing increased to 138 full and part-time employees due to employment of seasonal employees. Mr. Canner reviewed the increases in fringe benefits costs. PDA unrestricted cash balances have decreased by approximately \$2.5 million since June, 2013 due to construction work in progress. Mr. Canner reviewed the grant funded and PDA funded capital projects. As of June 30, 2014, the Division of Ports unrestricted cash balance has reduced to \$414,000 due to capital expenditures of approximately \$500,000 not funded by the State. The Business Units Analysis shows

enplanements at Portsmouth International Airport at Pease have exceeded 23,000. PDA has realized a net loss of approximately \$1 million on Skyhaven Airport since its transfer to PDA. The anticipated annual deficit for operating Skyhaven Airport is approximately \$68,000. The Golf Course is showing a loss for FY14 of \$144,000 due to the course renovations. Rounds of golf played this season have increased by 39%. Members rounds played have increased by 50%. Bar and grill sales have increased by 11% and expected to increase 13% in FY 2015 due, in part, to new menu pricing. There are currently 240 members. The Division of Ports and Harbors shows an operating loss of \$32,000 for the year. The revenues from the Market Street Terminal are used in support of the other Division facilities.

2. Nine Month Cash Flow Projections to April 30, 2015

Mr. Canner reviewed PDA cash flow projections for the nine month period ending April 30, 2015. PDA anticipates going in and out of the \$5 million revolving line of credit to fund grant projects until grant reimbursements are received. Mr. Canner reviewed the borrowing and repayment schedule for the line of credit through April 30, 2015. Funds drawn from the line of credit will be used on capital improvement projects.

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. 222 International, LP

222 International, LP entered into a sublease with OnBrand24, Inc. for 3,363 square feet at 222 International Drive for a base term of 3 years, 3 months effective August 1, 2014. Director Loughlin approved the sublease.

2. NH Avenue Retail Center, LLC

NH Avenue Retail Center, LLC entered into a sublease with The Juicery, LLC for 1,937 square feet at 14 Manchester Square for a base term of 1 year. Director Loughlin approved the sublease.

3. One New Hampshire Avenue, LLC

One New Hampshire, LLC entered into a sublease with Red Door Title, LLC for 1,558 square feet at One New Hampshire Avenue for a base term of 3 years effective August 1, 2014. Director Loughlin approved the sublease.

B. Ratification and Approval

1. 68 NH Ave, LLC – Lot Line Adjustment and Lease Amendment

Director Bohenko moved and Director Preston seconded that **The Pease Development Authority Board of Directors hereby:**

- a. ratifies and approves of the execution and recording of the Lot Line Adjustment Plan for the premises located at 68 New Hampshire Avenue to increase the lot size to a total of 5.02 acres in accordance with the amendments to the PDA Land Use Controls approved by the PDA Board effective October 18, 2013;**

- b. **approves and authorizes the Executive Director to enter into Lease Amendment No. 2 (“Amendment”) on substantially similar terms and conditions contained in the Amendment attached hereto;**
- c. **approves and authorizes the Executive Director to execute a Consent of Sublessor and Agreement Concerning Assignment of Sublease (“Consent”) by and between PDA, 68 NH Ave, LLC, and Old Tex Mex, LLC for the premises located at 68 New Hampshire Avenue on substantially similar terms and conditions contained in the Consent attached hereto; and**
- d. **approves and authorizes such other action(s) and the execution of such other document(s) as shall be necessary or advisable to implement the transaction as more fully described in the memorandum of David R. Mullen, Executive Director, dated August 14, 2014, attached hereto. Discussion: Mr. Mullen reported that the vote will ratify the lot line adjustment previously approved by the Board in October, 2013. Director Loughlin recused himself from the discussion and vote. Disposition: Resolved by 6 votes for and 1 abstention (Loughlin); motion carried.**

C. Approvals

1. Great Bay Community College – Concept Plan Approval

Director Loughlin moved and Director Bohenko seconded that **In connection with the planned expansion of Great Bay Community College (GBCC) and the construction of the Student Success Center, the Pease Development Authority Board of Directors hereby:**

- i) **approves of the amended Concept Plan subject to GBCC seeking the review of its proposed site plans by the City of Portsmouth;**
- ii) **authorizes the Executive Director to negotiate and enter into a Lease Amendment with GBCC with respect to the review and approval of hosting community events; and**
- iii) **GBCC reviewing its parking conditions and needs on at least an annual basis and correcting parking deficiencies as may be required;**

all otherwise in accordance with the terms and conditions recommended by Maria J. Stowell and set forth in her memorandum dated August 14, 2014, attached hereto and incorporated by reference.

Discussion: Maria Stowell, PE, Manager- Engineering, reported that in May, 2014, the Board approved a concept plan for the gymnasium and accessory building. GBCC now wants to do a smaller building and relocate the building from the street side near Grafton Drive to the other side. The new proposal has less of an impact on the site due to a smaller footprint and parking will not change because the addition will not be put in the old parking lot. The new building is for existing students; therefore the additional 24 parking spaces proposed in the previous plan are not needed. Parking spaces can be added in the future, if necessary. PDA will review the need for parking spaces annually. Brad Mesquita, of Tighe & Bond, reviewed the concept plan drawing that shows the relocated building and parking spaces. The building will add more roof coverage. In response to Director Allard, Mr. Mesquita reported that the building is a smaller, single story building with reduced square footage. Director Loughlin asked about landscape improvements in the parking areas. Mr. Mesquita reviewed the proposed landscaping. Director Lamson asked about green space in the front parking lot. Mr. Mesquita reported that the green space will remain the same. The site work will be done in Fall, 2014 and construction should be completed in Summer, 2015. Disposition: Resolved by unanimous 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. Riverside & Pickering Marine Contractors

For repairs by Riverside & Pickering Marine Contractors to a fender pile and cross bracing on the Barker Wharf at the Market Street Terminal. Chairman Nickless approved the expenditure of \$9,900.00.

2. Turf Products – Fairway mower parts

For the purchase of parts to rebuild 5 reel units for a 2001 Toro Fairway Mower used at the Pease Golf Course. Chairman Nickless approved the expenditure of \$4,457.80.

B. Approvals

1. Tradebe Environmental Services, LLC

Director Lamson moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to enter into a contract with Tradebe Environmental Services, LLC of Newington, NH to provide spill emergency response and waste disposal services to the Pease Development Authority. The contract is for a period of three (3) years with two (2) one (1) year options to renew, which options may be exercised at the discretion of the Executive Director; all in accordance with the memorandum of Maria J. Stowell, P.E. Manager - Engineering, dated August 11, 2014 and attached hereto. Discussion: None. Disposition: Resolved by unanimous votes for; 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. As of July 1st all 27 holes are open for the first time since October, 2012. Rounds played to date from July 1st was just over 15,000. There were 2,000 tournament rounds for the year and Staff expects tournament rounds to exceed 3,000 for the season. There are numerous requests for play by smaller groups. League play should be finished in early September. Marketing, including newspaper and radio, is continuing to get more passholder rounds. More advertising will be done during the winter. Director Preston participated in three events at the Golf Course and he complimented the staff for all of their efforts. Mr. DeVito thanked his staff for their efforts.

a. Fairway Mower Sale

Mr. Mullen reported that PDA sold a 1999 Toro fairway mower to the Exeter Country Club for \$1,000. The old mower was replaced by a newer model.

2. Airport Operations

Bill Hopper, Airport Manager, reported on aviation activities.

a) Skyhaven Airport (“DAW”)

Runway construction is underway. Paving on the south end of the runway is completed. The runway will be closed for 15 days in September for construction and then work will begin on the north end.

b) Portsmouth International Airport at Pease (“PSM”)

The ASR project to mitigate swelling concrete on the runway is expected to be finished by Labor Day. The project included runway work and drainage repair.

c) Noise Line Report

Mr. Hopper reported that the Noise Line received 13 inquiries in June and 27 inquiries in July. The June inquiries consisted of 10 regarding C-5 military operations, one regarding a medical flight flown at night, and two regarding helicopter flights (military and civilian). Director Lamson confirmed that the C-5s were visiting and doing practice training at the Airport. Director Preston complimented the Airport staff for their responses to the complaints.

Mr. Hopper reported that the July inquiries consisted of 19 related to helicopter activity (military and civilian), 7 inquiries regarding military aircraft training, and one inquiry about an engine run-up of a PC-12. Mr. Hopper reported that for the month of August to date, the Noise Line has received 63 inquiries. A majority of the inquiries concerned helicopter activities. Seacoast Helicopters is in its first season in giving tours. PDA is working with FAA to determine if there are any alternatives regarding the helicopter operations. Mr. Hopper reported that a helicopter for a film crew was the cause of some inquiries in July. Director Allard asked if the hospital helicopter will have an impact. In response to Director Allard’s question, Mr. Hopper reported that Staff is working very closely with the hospital engineers to keep the helicopter’s noise impact to a minimum. Mr. Hopper reviewed the process that Staff uses to track down the plane or helicopter that the source of a complaint. PDA is working with Seacoast Helicopters and that the operations are not in violation of FAA activities. Seacoast Helicopters are flying higher than required by FAA. Staff is working with FAA and hope to have FAA come to a public meeting. Seacoast Helicopter is in compliance with FAA regulations and there are other helicopters flying in the area that are not operating out of Pease. Mr. Mullen reported that the Airport’s responsibility is the footprint of the Airport and beyond the footprint is out of PDA’s control. The City could set ordinance to prevent landing and takeoff in the City. Director Allard asked when the majority of inquiries are received. Mr. Hopper reported the calls are on weekends and mid-mornings. Director Lamson felt it was insensitive that a helicopter flew over the church during the funeral of John Hynes on August 19th. Director Bohenko said the helicopter was flying very low and requested that Staff find out who was operating the helicopter.

Director Bohenko reported that he is working with Mr. Mullen to arrange a meeting with the FAA and the City Council to discuss helicopters in Portsmouth. The meeting will be to educate the public as to what is the PDA’s role, the City’s role, and what may or may not be done to deal with the helicopter issues. Director Lamson asked to be notified of the hearing date.

B. Approvals

1. Teledyne D.G. O’Brien – Building Modifications 162 Corporate Drive

Director Loughlin moved and Director Lamson seconded that **WHEREAS, the Pease Development Authority has duly enacted zoning requirements in accordance with the provisions of RSA ch. 12-G and rules adopted by the Authority for the adoption or amendment of land use controls; and**

WHEREAS, pursuant to Part 315.01(d) of the Zoning Requirements the PDA Board retains the power to make the final decision regarding the applicability, interpretation and enforcement of its zoning requirements and other land use controls; and

WHEREAS, pursuant to the interpretation adopted by the PDA Board in June 1993, site review may be limited to administrative review where proposed building additions or site changes are considered unlikely to have an impact on traffic, safety or intensity of use; and

WHEREAS, as set forth in the Memorandum of Maria J. Stowell dated August 15, 2014, attached hereto and incorporated herein, administrative review is the applicable standard for the proposed installation of a dust collection system at 162 Corporate Drive,

NOW, THEREFORE, the Authority has reviewed the recommendations made by Ms. Stowell and interprets the provisions of Part 305.05(a)(7) of the PDA Zoning Requirements permit establishment of a 65 dBA limit for this dust collection system and similar equipment located in the Business/Commercial Zone. Discussion: Director Lamson is pleased with the progress of the company. Disposition: Resolved by unanimous votes for; motion carried.

2. Allegiant Airlines – Marketing

Director Preston moved and Director Torr seconded that The Pease Development Authority Board of Directors authorizes the Executive Director to expend up to \$135,000 in matching funds in connection with the cooperative marketing program with Allegiant Air, LLC and further authorizes the expenditure of an additional \$60,000 in funds to be utilized in PDA's separate effort to promote Allegiant's passenger service as well as the Airport. Discussion: Dan Fortnam, PDA's Airport Consultant, updated the Board on the status of Allegiant Airlines' (Allegiant) activities. Since its start-up in October 25, 2013 through March 31, 2014, there have been 114 flights with 16,500 passengers. Allegiant offers seasonal services flights to Sanford and Punta Gorda, FL. The Sanford flights will start again on October 2, 2014. Service to Punta Gorda will start up again in February. Allegiant's product is their low price and PSM has been able to offer a good and competitive cost structure. Mr. Fortnam reviewed the spin-off effect of Allegiant's flights for rental car companies, and Portsmouth businesses. The presence of TSA makes it easier for airlines to divert flights to PSM if needed. Allegiant's success at PSM makes PSM a more attractive airport and puts it on par with Sanford, FL airport. Customers have come from Maine, Manchester, and Canada. Director Preston asked if the Punta Gorda flights could start earlier. Mr. Fortnam explained that Punta Gorda service would not start earlier due to Allegiant fleet constraints. Allegiant relies heavily on its airport partners to market its flights. Mr. Mullen informed the Board that the campaign is important to keep the public aware of Allegiant. Allegiant will match the \$135,000. PDA will place supplemental ads on television and radio to fill in on the areas that Allegiant does not advertise. Disposition: Resolved by unanimous votes for; motion carried.

3. Bills for Legal Services

Director Torr moved and Director Torr seconded that The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds in the total amount of \$16,134.30 for legal services rendered to the Pease Development Authority by:

1. Anderson & Kreiger LLP
Through May 31, 2014 \$1,215.00
Through June 30, 2014 \$ 315.00
 \$1,530.00

2. Sheehan Phinney Bass + Green
Through May 31, 2014 \$ 3,487.80

Through June 30, 2014

\$11,116.50

\$14,604.30

Total

\$16,134.30

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

X. Division of Ports and Harbors

A. Division Director's Reports

1. Mooring Investigations Report

Tracy Shattuck, Chief Harbor Master, reported that based on complaints received from a mooring permit holder with a mooring in Little Harbor, the Division staff investigated the allegations and found no violations of the statutes or the Division's Administrative Rules. Issues raised in the complaint were more of policy matter and that the complainant wants the rules changed. The Port Advisory Council regularly reviews the moorings program and the matter can be discussed at Council meetings. The Division has updated its laptop computer to allow Staff to check a mooring while out in the boat. Mr. Mullen reported that PDA offered to review the records on a case by case basis with the complainant and the offer was refused. Director Preston noted that the Port Advisory Council meetings are open to the public. Director Allard asked how the Division knows if the moorings are used properly. CHM Shattuck stated that the mooring permits issued through the mooring program are currently compliant with the Administrative Rules. There is no requirement that a boat be kept on the mooring for any period of time, but the mooring permit holder must have a boat to obtain a mooring permit. The moorings are inspected regularly by Staff. Mr. Mullen explained the basis of the complaint. CHM Shattuck reported that DPH is working on having boats titled which would help keep better track of boats on moorings and to prevent subleasing of moorings.

2. Commercial Mooring Transfer

Chief Harbor Master Shattuck reported that in accordance with the "Delegation to Executive Director: Consent, Approval and Execution of Mooring Permit Transfers", a commercial mooring was transferred for:

	<u>Permit</u>	<u>Business</u>	<u>Date of Approval</u>
Seabrook Harbor Transferor: Transferee:	No. 1269 Paul Sargent Andrew Noone	Commercial Fishing	7/7/14

B. Approvals

1. Foreign Trade Zone Tariff Approval

Director Bohenko moved and Director Allard seconded that **In accordance with RSA 12-G:42, XI, the Pease Development Board of Directors hereby approves of and adopts the Zone Schedule for Foreign Trade Zone No. 81on substantially the same terms and conditions as the draft attached hereto subject to further review and edits as may be required by PDA's General Counsel and the Foreign Trade Zone Board.**

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 August 13, 2014 attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

2. Pilot Reappointment

Director Lamson moved and Director Torr seconded that In accordance with NH Code of Administrative Rules Pda 300 Port Captains, Pilots and Pilotage, and the memorandum of Geno Marconi, Division Director, dated August 14, 2014 attached hereto, the Pease Development Authority hereby approves of the reappointment of Captain Peter Smyth Johnson as a Class I Pilot for the Portsmouth Harbor and Piscataqua River through May 8, 2018. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

3. DHS – FEMA Port Security Grant

Director Loughlin moved and Director Torr seconded that The Pease Development Authority Board of Directors hereby authorizes the Executive Director to accept on behalf of the PDA - Division of Ports and Harbors (“DPH”), a Federal Emergency Management Agency (“FEMA”) Grant Offer in the amount of \$15,466.00 for the Facility, Vessel and Company and Security Officers training course sponsored by the Northern New England Area Maritime Security Committee; all in accordance with the memorandum of Grant Nichols, Deputy Chief Harbor Master, dated July 31, 2014 attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

4. Bills for Legal Services

Director Allard moved and Director Loughlin seconded The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds in the total amount of \$34,109.27 for legal services rendered to the Division of Ports and Harbors by:

1. Sheehan Phinney Bass + Green		
Through May 31, 2014	\$ 2,452.00	
	<u>\$19,471.27</u>	
	\$21,923.27	
Through June 30, 2014	\$ 733.00	
	<u>\$11,453.00</u>	
	\$12,186.00	
	Total	<u><u>\$34,109.27</u></u>

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

5. Maine Department of Transportation – Sarah Long Bridge Project

Director Loughlin moved and Director Lamson seconded that The Pease Development Authority Board of Directors hereby approves and authorizes the Executive Director to complete negotiations and enter into a contract with the Maine Department of Transportation in an amount not to exceed \$1.4 million dollars for use of portions of the Market Street Terminal for staging, lay-down, pre-casting, and other construction activities deemed necessary or appropriate by the Division Director in support of the construction of the Sarah Mildred Long Bridge; all in accordance with the memorandum from Geno J. Marconi, Division Director, dated August 15, 2014 attached hereto. Discussion: Director Allard, a member

of the Interstate Bridge Authority, recused himself from the discussion and vote. Director Bohenko asked for a summary of the project. Mr. Mullen reported that Maine Department of Transportation ("MEDOT") wants to use three areas at the Market Street Terminal ("Terminal") for a 3 year period, including the Barge dock; 3 acres south of the asphalt berm (the area currently used by Grimmel); and the main ship dock. The use of the area will facilitate the construction of the bridge. Director Bohenko confirmed that the MEDOT payment for the parcels of \$1.4 million total will almost offset the loss of revenue from Grimmel. Mr. Mullen reported that the site will be available in January. Director Bohenko asked if the entire site will be used for the three year period. Mr. Mullen reported that some areas may be open at different times. Director Bohenko commended the staff for finding an alternate revenue source. He asked the Board that as a way to increase the revenue source if the Board would consider allowing the City to use some vacant areas for temporary short term parking on the site. Director Bohenko stated that he is not interested in replacing maritime activity, but the temporary use of the open space could help the parking problem in downtown. Director Bohenko moved and Director Lamson seconded that the motion be amended to allow the Board to consider temporary parking on the site as deemed appropriate. Discussion on the Amendment: Director Bohenko stated his wholehearted support of maritime activity, but felt if the space is available and could be used temporarily, it would be an additional source of revenue to PDA and a help to the City. The use of the area for parking should never interfere or override maritime activities. Director Preston asked if other activities will be allowed on the Terminal. Mr. Mullen reported that salt operations will continue and the main pier will be maintained for special activities Disposition on motion to amend: Resolved by 6 for; 1 abstention (Allard) vote; motion to amend carried.

Discussion on main motion continued. Chairman Nickless inquired, in light of the earlier comments regarding the scrap metal industry, why the vote must be taken today. Jeff Folsum, MEDOT, explained the construction is set to start in December. Access areas need to be specified so that contract negotiations may be completed. MEDOT needs to secure the space for pricing and contract purposes to complete contracts by mid-September.

Director Loughlin reported that he was overwhelmed by the public response to the Grimmel contract. He felt that Grimmel has not been a good tenant and Grimmel did not do what it said it would do at the December, 2012 public hearing. Director Loughlin felt that the building is not realistic, but was struck by the impact that the contract termination will have. Director Loughlin questioned if there is a way to review the Grimmel contract and reduce the laydown area for scrap with contract conditions. He is concerned with rust dust and felt that it has not been dealt with properly, but could be. Director Loughlin asked that the use of a 2 acre site for Grimmel be explored.

Director Bohenko noted that the NH DES report regarding fugitive dust and shows the migration of the fugitive dust in violation of State rules and regulations. If scrap operations continued, PDA will have to deal with the dust issue. Businesses cannot violate state rules. The NH DES issue needs to be dealt with before the Grimmel contract extension is considered. Chairman Nickless pointed out that Grimmel can continue to negotiate the contract. Director Lamson agreed with Director Bohenko and felt that the Board has decided on the termination of the Grimmel contract and the Board should stand by its decision. Director Loughlin would like an answer within the next two months as to whether an area could be set aside for Grimmel and allow MEDOT to use the space it needs. Director Bohenko stated that the new bridge is important to the maritime activities and will allow for larger ships. The use of the area for laydown is appropriate and the revenue will offset the Grimmel revenue. Mr. Folsum reported that the use of the Terminal is the most cost effective approach for the project that is operating under a very tight budget. Area #1 is an absolute necessity to build the bridge. Project costs would increase if areas 2 & 3 were not available. Director Bohenko felt that with this motion, PDA is moving ahead in a positive way to promote maritime activity as keeping the old bridge would stifle maritime activities. Director Lamson noted that shipping activities impact Newington and Portsmouth.

Director Torr agreed with Director Loughlin and would like to have the use of an area for Grimmel explored. He felt that the economic and environmental impacts (such as dumping of junk cars and hazardous household waste) by the termination of the contract need to be considered. Director Torr is concerned with the economic impact on the small business operator. Director Torr requested that the use of a portion of the laydown area by

Grimmel be explored. Director Preston noted that the Board supports business, but that PDA would face fines if it was in violation of NH DES rules. The new bridge is needed for maritime safety. PDA can continue to negotiate with businesses but needs to vote on the motion. PDA cannot allow violations of fugitive dust laws, but should be open to negotiations for use of portions of the Terminal.

Disposition on the motion as amended: Resolved by roll call vote; 6 voters for; 1 abstention (Allard); motion carried. Chairman Nickless agreed with the need to continue to work with Grimmel or any scrap operator who wants to operate from the Terminal and Grimmel must develop a viable plan.

XI. Special Events – Report

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

1. On Saturday, September 20, 2014, Bottomline Technologies will sponsor a 5k road race. Funds raised will support “End 68 Hours of Hunger” a food program for school children.

XII. New Business

No new business was brought before the Board.

XIII. Upcoming Meetings

Chairman Nickless reported that the following meetings will be held:

Finance Committee	September 15, 2014
Board Meeting	September 18, 2014

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

Staff discussed meeting dates for the FAA quorum in September. Attorney Hinchee needs to confirm two dates. September 24th is good and a second date needs to be confirmed so that a meeting request can be sent to the FAA. The meeting will begin at 6 p.m. and held at City Hall.

XIV. Adjournment

Director Allard moved and Director Loughlin seconded to **adjourn the Board meeting**. Discussion: None. Disposition: Resolved by unanimous vote; motion carried. Meeting adjourned at 11:07 a.m.

XV. Press Questions

There were no questions from the press.

Respectfully submitted,



David R. Mullen
Executive Director/Secretary