

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

**Thursday, September 18, 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; members of the public and press.

**I. Call to Order**

Chairman Nickless called the meeting to order at 8:02 a.m. in the Board conference room, 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire.

**II. Acceptance of Board Meeting Minutes: August 21, 2014**

Director Lamson moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the August 21, 2014 Board meeting.** Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

**III. Public Comment**

Robert Hasshold, Portsmouth, NH, made comments regarding operations at the Market Street Terminal ("Terminal") including: opportunities to transform the Terminal with the removal of the scrap metal operations; the need to look into other business options; maximizing movement of people and goods over Terminal with less adverse effects on the environment; making the Port the "crown jewel" of New Hampshire and gateway to City; consideration of leasing three acres to the City for two years for parking; Board's authority to determine use of Terminal; monitoring salt piles; and request that the salt piles are not relocated.

Chairman Nickless reported that the space currently being used by Grimmel Industries ("Grimmel") will be used by ME Department of Transportation ("MEDOT") as a laydown area for the construction of the Sarah Long Bridge and confirmed that the salt pile will not be relocated to the Grimmel space.

Tom Carroll, Portsmouth, NH, made comments regarding the Terminal including: good management practices; oversight by the Board and its responsibilities for Terminal operations; the Board's vote on 5/15/14 regarding the termination of the Grimmel contract; Grimmel's plan to remove scrap metal; and the Board's obligations. Mr. Carroll reviewed a Right to Know request that he presented to the Board at this meeting.

Lynn Hinchee, PDA General Counsel, reported that she had previously advised Mr. Carroll that Grimmel had not provided a written plan regarding its exit strategy plan. PDA's response to the Right to Know request would be that the materials requested, if in existence, can be found in the Board Minutes or would be deemed "attorney client privileged." Mr. Carroll told the Board that he felt he has not received what he has previously requested. Chairman Nickless reviewed the actions taken by the Board and staff regarding the Grimmel contract. Grimmel has provided a verbal exit strategy plan. The Board has voted that Grimmel will vacate the premises and the laydown area will be used by MEDOT as a laydown area for the Long bridge replacement project. Chairman Nickless reviewed the public comment and discussion that took place at the August 21, 2014 Board meeting and stated that it is the public's right to express their opinions at Board meetings. Chairman Nickless reported that the Board voted to terminate the Grimmel contract and it would be a separate issue if Grimmel wants to pursue future operations at the Terminal. The current Grimmel contract will terminate on December 31, 2014. The Board voted to allow PDA to work with the City to determine if there will be any vacant areas at the Terminal that could be used for parking on a temporary basis.

Mr. Carroll and Mr. Hasshold expressed their concerns that the scrap operations are not winding down. Chairman Nickless and Geno Marconi, Division Director, reviewed the plans for Grimmel to remove the scrap metal beginning in October, 2014 and to make repairs to the facility as required. Mr. Carroll withdrew his Right to Know request. Joel Carp, Portsmouth, NH, made comments regarding: operations at the Terminal; PDA's quandary to replace the revenue provided by the Grimmel operations; the ongoing efforts to find other businesses to operate at the Terminal. Mr. Carp offered the information and resources he compiled regarding potential business opportunities to the Board in a cooperative effort to keep the Port working. Chairman Nickless thanked the public for its input.

#### **IV. Old Business**

There was no old business brought before the Board.

#### **V. Finance Report**

##### **1. Operating Results for One Month Period Ending July 31, 2014**

Irving Canner, Director of Finance reported that the field work for the FY 2014 audit is finished. The certified reports will be presented to the Audit Committee in October for review. The certified reports need to be filed with the State of New Hampshire by October 31, 2014.

Mr. Canner reported on the status of PDA FY 2015 finances for the one month period ending July 31, 2014. No trends have been established as it is the first month of FY 2015 and some FY 2014 expenses are still in process. Operating revenues are below budget by approximately 4.1%. Mr. Canner reviewed where some variances in revenues have occurred including: Golf Course fee revenues, concession revenues, and fueling at Hampton Harbor. As of July 31<sup>st</sup>, PDA employed 145 people. The number of seasonal employees will reduce as the summer season winds down. In response to Director Lamson, Mr. Canner reviewed the Skyhaven Airport (DAW) operations, including the number of employees, PDA's costs to date for operations and capital improvements made at DAW.

Mr. Canner reviewed the Balance Sheet including: restricted cash balances; the net cash flow; capital improvement projects; grant reimbursements; management of funds for DPH facilities; debt repayment and the use of the Provident Bank revolving line of credit to manage PDA debt. In response to Director Allard, Mr. Canner reported that Grimmel has paid a monthly maintenance fee, (with a current balance of \$75,000) that is being held in escrow. Director Lamson asked about the electricity provider agreement that PDA had entered into. Mr. Canner reported that since locking in the KWH rate with an electricity supplier, PDA has realized a savings of approximately \$40,000 through August, 2014 even though consumption has gone up due to increased operations. Ongoing capital improvements projects in July included the multi-use path, which is near completion, and work on the airfields at Portsmouth International Airport at Pease ("PSM") and DAW.

The Business Units Analysis showed that enplanements at PSM have exceeded 30,000 while fuel sales at DAW have decreased since July 30, 2013. There are approximately 63 planes based at DAW. Revenues at the Golf Course have increased due to the opening of all 27 holes and revenues at Grill 28 continue to increase. Membership numbers have also increased. Sixty-eight percent of rounds of golf to date were played by non-members. Director Bohenko asked if the 2015 season will be in line with the 2012 season (the last season before renovations). Scott DeVito, PGA General Manager, expects rounds played to reach 51,000 in FY 2015 season. Mr. Canner reviewed the Division of Ports and Harbors' operations, including the unrestricted operations at Portsmouth, Rye Harbor and Hampton Harbor; and the restricted operations. Mr. Canner reviewed the status of the Revolving Loan Fund which currently has 26 loans outstanding totaling approximately \$912,000 and how the loan program may be affected by new fishing restrictions.

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

Mr. Canner reviewed PDA cash flow projections for the nine month period ending May 31, 2015, including the unrestricted cash balances and the use of the revolving Line of Credit Facility over the nine month period. Capital expenditures for grant funded projects and non-grant funded projects will include the DAW runway project and the PSM mitigation construction. Mr. Canner reviewed the Consolidated Statement of Cash Flows, a new report that outlines PDA's cash flow.

## VI. **Licenses/Easements/Rights of Way/Option**

### A. **Approvals**

#### 1. **Lonza Biologics, Inc. – 55 International Drive Parking Extension**

Director Allard moved and Director Torr seconded that **The Pease Development Board of Directors authorizes the Executive Director to execute License Agreement Amendment No. 3 with Lonza Biologics, Inc. for the use of a portion of the parking area adjacent to 55 International Drive. The License is hereby extended for a period of one (1) year from November 1, 2014 through October 31, 2015, subject to all other terms and conditions of the License, as amended, remaining in full force and effect; and on substantially the same terms and conditions set forth in the License Agreement Amendment No. 3 attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

#### 2. **Lonza Biologics, Inc. – Option Renewal**

Director Lamson moved and Director Loughlin seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to extend the option with Lonza Biologics for the premises located at 70-80 Corporate Drive, effective January 1, 2015, in six (6) month increments for a total period not to exceed three (3) years at an annual rate of \$50,000; and all on substantially the same terms and conditions set forth in the memorandum from Lynn Hinchee, General Counsel dated September 11, 2014 attached hereto. Discussion: None. Disposition: Resolved by unanimous 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. **Castlerock, LLC – 130 International Drive**

Castlerock, LLC entered into a sublease with Andover Healthcare, Inc. for 50,687 square feet at 130 International Drive for a base term of ten years with one 5 year option to extend the term. Director Loughlin approved the sublease. Discussion: Director Lamson confirmed that Castlerock LLC is the landlord of the building at 130 International Drive. Director Loughlin inquired about the number of manufacturing jobs that will be created. Mr. Mullen reported that the premises will be used for manufacturing and distribution.

#### 2. **Pioneer New Hampshire, LLC – 110 Corporate Drive**

Pioneer New Hampshire, LLC entered into a sublease with Centripetal Networks, Inc. for 4,760 square feet at 110 Corporate Drive for a base term of one year with four (4) 6 month options to extend the term. Director Loughlin approved the sublease.

### **3. Tower Hill Development, LLC – 183 International Drive**

Tower Hill Development, LLC entered into a sublease with High Liner Foods (USA) for 38,000 square feet at 183 International Drive for a base term of ten years with two 5 year options to extend the term. Director Loughlin approved the sublease. Discussion: Director Lamson confirmed that the facility will have demonstration kitchens, but no food production will be done at the facility.

#### **B. Approvals**

##### **1. Two International Group, LLC – Lease Amendment**

Director Loughlin moved and Director Preston seconded that **The Pease Development Authority Board of Directors approves of and authorizes the Executive Director to enter into Lease Amendment No. 2 with Two International Group, LLC (“TIG”) to extend the Lease term for up to an additional two 5 year option periods as required for TIG’s financing of the premises located at 2 International Drive; all in accordance with the memorandum of Lynn Hinchee, PDA General Counsel, dated August 27, 2014 attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

##### **2. COLOR – Lease Extension**

Director Preston moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a one (1) year lease extension with Corporation for Laser Optics Research, Inc. (“COLOR”) for the continued use of the premises located at 47 Durham Street; all otherwise upon substantially similar terms and conditions as set forth in Lease Amendment No. 10 attached hereto.** Discussion: Director Bohenko asked if PDA had entered into a marketing plan with COLOR in the past. Mr. Mullen will check on it and report back. 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. Pease Golf Course Clubhouse – Patio Televisions**

PDA contracted with Starsound Music, Inc. for the purchase and installation of two weather outdoor televisions with Direct TV consoles. Chairman Nickless approved the expenditure of \$6,198.65.

##### **2. Pease Golf Course – Sunshade Attachment**

PDA contracted with Turf Products, Inc. for the purchase and shipping of a sunshade attachment for the 2014 Toro Fairway Mower. Chairman Nickless approved the expenditure of \$2,096.00.

##### **3. Pease Golf Course – Debris Blower**

PDA contracted with MTE, Inc. for the purchase and shipping of a Turfco TUR-Turbo 27 tow behind blower and accessories. Chairman Nickless approved the expenditure of \$6,859.30.

##### **4. PDA Airport Operations – Truck Accessories**

PDA contracted with Two-Way Equipment for the purchase and installation of radios and light bar accessories for the 2015 Chevrolet Silverado truck. Chairman Nickless approved the expenditure of \$5,395.12

Discussion: Chairman Nickless reviewed the process he follows when he reviews expenditure.

**B. Approvals**

**1. Tradebe Environmental Services, LLC – Oil Water Separator Cleaning**

Director Torr moved and Director Preston seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to expend funds in an estimated amount of \$17,414.00 for the cleaning of the oil water separators by Tradebe Environmental Services, LLC, PDA's on-call hazardous waste collector; all as otherwise set forth in the memorandum from Maria Stowell, P.E., Manager - Engineering, dated September 11, 2014 and attached hereto.** Discussion: Ms. Stowell reviewed the drainage systems and locations of the oil water separators. Disposition: Resolved by unanimous vote; motion carried.

**2. Electricity Supplier**

Director Bohenko moved and Director Torr seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to:**

- a. **terminate the current contract with Provider Power, LLC for the supply of electrical power;**
- b. **accept the proposal of Provider Power LCC to enter into a new agreement for the supply of electrical power for a 26 month period commencing September 25, 2014 through November 24, 2016 at the fixed price of \$0.0970 per kWh;**

**all in accordance with the memorandum of Irving Canner dated September 16, 2014 attached hereto.**

**In accordance with the provisions of RSA 12-G:8, VIII, the Board justifies the waiver of the RFP requirement for Provider Power LLC based on the following:**

1. **Electricity rates are expected to increase substantially by the end of the year;**
2. **The termination and renegotiation of the electricity supplier contract at this time will allow PDA to take advantage of lower existing rates and will potentially result in significant savings for PDA. Note: 5 Affirmative Votes required.**

Discussion: Director Bohenko reviewed the current rate that PDA pays for electricity consumption and questioned if staff was comfortable with the new rate. Mr. Canner reviewed the process that the staff followed in making the decision to go forward with a new contract. The long term contract was done to lock in better rates in the long term. Director Bohenko reported that electricity rates in the Northeast are expected to double in the near future and that is it prudent to review the rates. Disposition: Resolved by unanimous roll call vote; motion carried.

**IX. Signs**

**A. Approvals**

**1. High Liner Foods (USA) – 183 International Drive**

Director Lamson moved and Director Loughlin seconded that **The Pease Development Authority Board of Directors hereby approves of the proposed sign for High Liner Foods (USA) at 183**

**International Drive; all in accordance with the memorandum of Maria J. Stowell, P.E., Manager - Engineering, dated September 11, 2014 and attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

**X. 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. Twenty-two thousand rounds have been played in FY 2015. In response to Director Bohenko, Mr. DeVito confirmed that rounds played include function participants. Director Bohenko asked if Golf Course expects to do the same or better as it did in 2012 (the last season before the renovations). Mr. DeVito reported that the feedback has been good and reviewed the maintenance schedule for the course. The new drainage system is working very well. Mr. DeVito said he expects good numbers in 2015. Director Bohenko asked if staff keeps track of the weather and its effect on play. Mr. DeVito confirmed that rain dates and subsequent number of rounds played are tracked each season. In response to Director Allard, Mr. DeVito reported that 47 functions for groups of 40 or more were held this year and 900 tournament rounds will be held in September. Director Preston asked if the marketing program has helped with the increased number of events. Mr. DeVito reported that he believed that the product is good and people are pleased with the renovated facilities. Chairman Nickless felt that the golf course is a first-class facility. Mr. DeVito reported that the season pass drive, including "Pay Now, Play Now" and marketing for 2015 has begun.

**2. Airport Operations**

Bill Hopper, Airport Manager, reported on aviation activities.

**a) Skyhaven Airport ("DAW")**

Runway construction is ongoing. The runway should be opened by September 19<sup>th</sup> after a 15 day closure. New lights and new pavement have been installed.

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

The mandatory triennial exercise for a mock disaster will be held on October 4, 2014. Enplanements including troop flights and Allegiant Airlines flights exceeded 30,000 as of August 31, 2014. Allegiant Airlines will resume operations on October 2, 2014.

**c) Noise Line Report**

Mr. Hopper reported that in August there were 126 telephone calls to the Noise Line, including 108 calls regarding helicopters and 18 regarding fixed wing operations. Twenty-one percent of the calls were from one person. As of September 15<sup>th</sup>, 30 calls were received, including 29 calls regarding helicopters with some calls regarding the helicopters used during Vice President Biden's visit. Director Allard asked if PDA will be involved in the hangar construction for the new KC-46A planes that will be based at Pease beginning in 2017. Mr. Hopper reported that the NH ANG will do the renovations and no information regarding the schedule has been given out. Director Bohenko reported that 100 new jobs are expected with the project and Pease is the first in the United States to receive the planes. Mr. Mullen reported that the hangars will be built on the NH ANG side and North Apron improvements will be made so that the Guard can access the North Apron. Director Preston commented on the number of complaints regarding the helicopters and asked if there is anything PDA can do to ensure that the helicopters are not flying at low altitudes. Mr. Hopper reported that staff is working

with Seacoast Helicopters and that they have been very cooperative. Chairman Nickless noted that he has observed increased helicopter operations on Labor Day, but did not see any red helicopters.

**B. Approvals**

**1. Annual Leave Accrual Policy**

Director Allard moved and Director Torr seconded that **The Pease Development Authority (“PDA”) Board of Directors hereby approves of and authorizes an amendment to PDA’s Employee Handbook regarding PDA’s vacation accrual policy; all as otherwise set forth in a memorandum from David R. Mullen, Executive Director, dated September 12, 2014 attached hereto.** Discussion: Mr. Mullen reported that due to the current policy of lump summing the allocation of vacation time for long term employees, some employees have not been able to take the time and have lost time. The new policy will allow employees to accrue vacation time with each pay period and will allow employees to take the vacation before the time is lost. The policy is in line with the State’s policy. Disposition: Resolved by unanimous vote; motion carried.

**2. Bills for Legal Services**

Director Preston 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 \$4,803.50 for legal services rendered to the Pease Development Authority by:**

<b>1. Sheehan Phinney Bass + Green Through July 31, 2014</b>	<b>Total</b>	<b>\$4,803.50</b>
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Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

**XI. Division of Ports and Harbors**

**A. Division Director’s Reports**

Geno Marconi, Division Director, reported he met with the Army Corps of Engineers Civil Review Board regarding the turning basin project. The Review Board voted to move the project to the next step which is to issue the project to the State of New Hampshire for its review.

Mr. Marconi reported that DPH staff is working on heavy weather planning with the US Coast Guard. Mr. Marconi met with the Capital Budget Overview Committee to request authorization for expenditures up to \$50,000 from the Pier Maintenance Fund. The various projects will be brought to the Board for approval and expenditures will be reported to the Committee. He also requested \$13,000 from the Committee for payment to the Army Corps of Engineers for the Hampton Harbor dredging project.

**1. Port Advisory Council**

Mr. Marconi reported that the Port Advisory Council on September 17, 2014. The Council met with representatives from the City including Mayor Lister and City Manager Bohenko. A discussion was held regarding the use of the Terminal that would assist the City in the future. Members of the public and the Council discussed mooring permit issues and the administrative rules. Director Allard questioned the condition of the roof on the warehouse building at the Terminal. Mr. Marconi reviewed the existing conditions, maintenance of the roof, and the potential expenditures to fix the roof. The consensus of the Board is that staff should get cost estimates for the repairs and include it in the capital budget. Director Allard asked if the Pier Expansion fund could be used to repair the roof. Mr. Marconi said the money was being held to be used for matching grant funds for the TIGER grant for pier expansion. The recent TIGER grant application was rejected so Mr. Marconi will present a new plan to the Board in the future.

**B. Approvals**

**1. Bills for Legal Services**

Director Loughlin 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 \$9,616.66 for legal services rendered to the Division of Ports and Harbors by:

1. Sheehan Phinney Bass + Green Through July 31, 2014	\$ 377.00 \$9,239.66
<b>Total</b>	<b><u><u>\$9,616.66</u></u></b>

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

**XII. New Business**

No new business was brought before the Board.

**XIII. Upcoming Meetings**

Chairman Nickless reported that the following meetings are scheduled to be held on:

Port Committee	Oct. 2, 2014
Audit Committee	Oct. 14, 2014
Board Meeting	Oct. 16, 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. Adjournment**

Director Bohenko moved and Director Allard seconded to **adjourn the Board meeting**. Discussion: None. Disposition: Resolved by unanimous vote; motion carried. Meeting adjourned at 9:17 a.m.

**XVI. Press Questions**

There were no questions from the Press.

Respectfully submitted,

  
David R. Mullen  
Executive Director/Secretary