

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

Thursday, November 20, 2014

Presiding: Peter J. Loughlin, Vice-Chairman;

Present: Robert A. Allard, Treasurer; John P. Bohenko; Margaret F. Lamson; Robert F. Preston; and Franklin G. Torr

Absent: Arthur H. Nickless, Jr., Chairman

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

Vice-Chairman Loughlin called the meeting to order at 8:05 a.m. in the Board conference room, 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire.

II. Acceptance of Board Meeting Minutes: October 14, 2014 and October 16, 2014

Director Preston moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the October 14, 2014 and October 16, 2014 Board meetings.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

III. Public Comment

Robert Hassold, on behalf of "Promote Our Working Port" ("POP"), made comments regarding: scrap metal operations at the Market Street Terminal; POP's efforts to promote the Port; POP's desire to work with the PDA to develop the Port; and using a portion of the Market Street Terminal for parking. Mr. Hassold also made comments regarding the Seacoast Helicopter operations and related noise issues in Portsmouth's South End.

Director Allard moved and Director Lamson seconded that **the rules be suspended to allow Item XII.B.5. to be taken out of order for discussion and action.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

XII. B. 5. Isles of Shoals Steamship Company – Parking Agreement

Director Bohenko moved and Director Preston seconded that that **The Pease Development Authority Board of Directors hereby approves of and authorizes the Isles of Shoals Steamship Company ("ISSCO") to enter into a parking agreement (the "Parking Agreement") with the City of Portsmouth (COP) for the use of designated parking spaces located on the premises that ISSCO leases from the Pease Development Authority and its Division of Ports and Harbors (the "Premises").**

The Parking Agreement is subject to: (1) review and approval by PDA and its General Counsel; (2) the COP providing PDA with proof of insurance which covers the risks associated with the use of the property which coverage shall name the PDA as an additional covered party and; (3) COP's agreement to indemnify PDA to the extent of available insurance coverage afforded to the COP; all otherwise in accordance with the memorandum of Geno J. Marconi, Division Director, dated November 18, 2014 attached hereto. Discussion: Director Bohenko thanked David Mullen, PDA Executive Director, and Geno Marconi, Division Director, for their recognition of the parking problem in downtown Portsmouth and working with COP to provide temporary parking spaces. Director Bohenko informed the Board that the City Council approved of the proposed parking agreement, subject to the Board's approval, and that the program is similar to the parking program done in 2013 – 2014. Director Allard confirmed that the program will not interfere with the ME DOT project. Disposition: Resolved by unanimous vote; motion carried.

IV. Old Business

A. Approvals

1. Fred C. Church, Inc. – Workers Compensation Insurance Renewal

Director Lamson moved and Director Allard seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to accept and bind Workers Compensation insurance coverage for the Pease Development Authority to be provided by MEMIC and brokered by Fred C. Church, Inc. for the period of 12/31/14 through 12/31/15 in the projected amount of \$55,975.00; all in accordance with the submission by Fred C. Church, Inc. attached hereto.** Discussion: Jeff Olsen of Fred C. Church, Inc. reviewed PDA's workers compensation coverage and claims history for 2014. Due to good safety practices, risk management, and the reduced number of claims, the workers compensation premium is approximately \$5,300 less than last year's premium. Director Bohenko complimented the staff for their risk management practices and keeping a low experience modification rate. Vice-Chairman Loughlin noted that good safety practices are a result of the efforts of the staff. Disposition: Resolved by unanimous vote; motion carried.

V. Golf Committee Report

Director Bohenko, Golf Committee Chair, reported that the Golf Committee met on November 19, 2014. The Committee reviewed: the proposed tournament fee rates changes, the Golf Course marketing promotions, and the proposed clubhouse modifications. The Committee recommended the rate increase. Scott DeVito, PGA General Manager, reviewed the various marketing tools and media sources used to promote the Golf Course. Director Bohenko reported that the Committee reviewed the proposed clubhouse modifications, including the proposed improvements to the clubhouse infrastructure and why renovations are needed. Staff is preparing cost estimates for the Committee's review. The Committee will submit its recommendations to the Board at a later date for the Board's review and approval.

A. Approvals

1. Tournament Fee Rates

Director Preston moved and Director Allard seconded that **In accordance with the recommendation of the Pease Golf Committee, the Pease Development Authority Board of Directors hereby approves of and authorizes the schedules of Tournament Fee Rates for the Pease Golf Course; all in accordance with the memorandum from Scott DeVito, PGA General Manager, dated November 12, 2014 and attached hereto.** Discussion: Vice-Chairman Loughlin felt that the fee schedule pricing structure and the marketing program was well done. Disposition: Resolved by unanimous vote; motion carried.

VI. Airport Committee Report

Director Preston, Airport Committee Chair, reported that the Committee met on November 19, 2014 to review a proposal by Granite Star LLC to construct and operate a fixed base operation ("FBO"). The Committee recommended that the Board enter into a Memorandum of Understanding with Granite Star, LLC. Bill Hopper, Airport Manager, reviewed the proposed project and introduced Mark Byrne, owner of Granite Star, LLC.

Mr. Byrne made a presentation to the Board. The FBO will be located near the old Pan Am hangar. Mr. Byrne worked with Staff to set the site. The entrance will be on Flightline Road. Mr. Byrne reviewed the proposed plans and the phasing of the project. Phase I will include: wetlands designation; construction of a 39,000 square foot 2 story hangar including 6,000 feet of office and fixed base operations on the first floor with 3,000 square feet of rental office space on the second floor. Mr. Byrne reviewed the property lines, the building location and site preparation. Projected completion date of Phase I is September, 2015. Director Bohenko questioned the types of planes that will be hangered and if helicopters would be kept at the FBO. Mr. Byrne confirmed that he owns a R66 helicopter that is hangered at Seacoast Helicopter. The helicopter is used

intermittently for private charters and personal business. Director Bohenko asked if Mr. Byrne would be willing to enter into a voluntary agreement regarding the use of his helicopter. Vice-Chairman Loughlin noted that the Board has not discussed such an agreement and is not appropriate to ask for an agreement without further discussion. Discussion continued between Director Bohenko and Mr. Byrne regarding the use of the helicopters and related noise issues. Mr. Byrne confirmed that he has no plans to operate a tourist helicopter services or a flight school. Granite Star's operation will deal with retrofitting corporate jets. Director Lamson noted that noise pollution is an issue for Portsmouth and Newington. In response to Director Lamson, Maria Stowell, PDA Engineer, reviewed the filtration and drainage system. A trench drain system may be used. The State and the Technical Advisory Committee will determine how the stormwater is handled. Runoff from plane cleaning operations will filter through the wastewater treatment plant. Runoff from around the building will go to the oil water separator. The drainage systems and related runoff are still under review. Director Lamson noted her sensitivity to how operations at the Airport may affect the surrounding environment and Great Bay. Director Preston reported that the Memorandum of Understanding contains numerous conditions that will be addressed before the FBO is operational. Mr. Byrne confirmed that he will not add any additional helicopters, will not do helicopter maintenance, or operate a flight school. Mr. Byrne reviewed the proposed Phase II plans for additional parking and construction of a second hangar. Lynn Hinchee, PDA General Counsel, clarified that the approval that the Board will vote on is to determine whether or not Granite Star's application meets the PDA's minimum standards. Further review by PDA and the City's Technical Advisory Committee will be done regarding the actual construction of the project. Mr. Hopper confirmed that the application meets the minimum standards. Mr. Byrnes reviewed the building plans and confirmed that hours of operations will be from 7 a.m. to 10 p.m.

A. Approvals

1. Granite Star LLC – Memorandum of Understanding

Director Allard moved and Director Preston seconded that **In accordance with the recommendation of the Pease Development Authority Airport Committee, the PDA Board of Directors authorize the Executive Director to complete negotiations with Granite Star, LLC to:**

1. execute a Lease on terms and conditions substantially similar to those set forth in the Memorandum of Understanding dated November 14, 2014 attached hereto, including such other terms and conditions as the Executive Director shall deem necessary and appropriate; and

2. become a full service Fixed Base Operator in accordance with the Minimum Standards for Commercial and Non-Commercial General Aviation Operators dated August 16, 2007; provided, however, that this authorization shall be subject to the final determination by the Executive Director and Airport Manager that all requirements to become an FBO set forth in the Minimum Standards have been met by Granite Star, LLC prior to commencement of any such activity. Discussion: Vice-Chairman Loughlin noted that Granite Star's operation is not a tour service and that is why he objected to the request for a voluntary agreement. Director Bohenko reviewed his concerns over Seacoast Helicopter's operations and noted that he is concerned that Granite Star may change its business operations in the future. Due to his concerns, Director Bohenko informed the Board he will not support the motion. Director Preston felt that Granite Star must abide by the Airport regulations and he will support the motion. Director Torr agreed with Director Preston and was disappointed with the helicopter discussions. Director Bohenko told the Board that he has an obligation to COP to ask questions regarding helicopters and his questions were necessary to help him make his decision regarding his vote. Director Lamson informed the Board that she is also concerned about the Seacoast Helicopter operations and is concerned with noise pollution now and in the future. Mr. Byrne confirmed that he has no intention to enter into helicopter operations and that his business will work on the avionic systems of corporate jets. Disposition: Resolved by roll call vote: 5 votes for; 1 vote no (Bohenko); motion carried.

VII. Finance Committee Report

Irv Canner, PDA Director of Finance, reported that the Finance Committee met on November 19, 2014 to review the status of PDA's finances.

1. Operating Results for Three Month Period Ending September 30, 2014

Mr. Canner reported on the status of PDA FY 2015 finances for the three month period ending September 30, 2014. There are no significant variances to the budget. Operating expenses and revenues are lower. Staffing is consistent with the operating budget and winter snow crews will begin work on December 1, 2014. PDA has locked into a contract with an electricity supplier for 26 months. The Balance Sheets shows that operating cash balances have increased by approximately \$500,000 since June 30 due to grant reimbursements. PDA has spent approximately \$1.9 million in capital expenditures including the multi-use path and the Skyhaven Airport runway. The Business Units analysis shows that enplanements have exceeded 30,000. Skyhaven Airport operating losses for FY 2015 to date are approximately \$9,000 and fuel consumption is lower than the same period last year. The Golf Course operations continue to improve. Rounds of golf played are expected to exceed 44,000 rounds for the season with 68% played by non-members. Bar and grill sales have increased in excess of 30 % for the same period last year.

2. Nine Month Cash Flow Projections to July 31, 2015

Mr. Canner reviewed PDA cash flow projections for the nine month period ending July 31, 2015, including capital expenditures of approximately \$4.0 million with \$3.0 million to be spent on grant funded projects. PDA expects to repay approximately \$1.3 million on its revolving line of credit. Mr. Canner reviewed the Consolidated Statement of Cash Flows for a 27 month period beginning in FY 2013. PDA has spent approximately \$15 million on capital projects and has received \$8 million in grant reimbursements. PDA will continue to monitor the Port operations and its related cash flows.

3. Revolving Loan Fund – Semi Annual Report

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") that was due no later than October 31, 2014. Since its inception, 83 loans totaling \$4.7 million were authorized; and 254 jobs were saved or created. Approximately \$900,000 in loans is outstanding. Director Preston asked about the status of loans. Mr. Canner reported that since the inception of the RLF, one loan was written off and one loan is delinquent. The borrower has continued to make good faith payments on the loan, but the Committee recommended that the loan be written off. Vice Chairman Loughlin and Director Preston questioned if the new fishing regulations will affect the loan program.

Mr. Canner reported that the demand for new loans has lessened. Geno Marconi, PDA Division Director, reported that the fishing regulations plans are not yet finalized, but the regulations may affect the fishing charter boat operations.

VIII. Licenses/Easements/Rights of Way/Options

A. Approvals

1. In Control Driving – Right of Entry

Director Torr moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a Right of Entry with In Control Family Foundation, Inc. from January 1, 2015 through December 31, 2015, for the purpose of conducting closed course, hands-on crash prevention training on a portion of the North Apron; on substantially the same terms and conditions set forth in the memorandum of Kim W. Hopper, Airport Manager, dated**

November 12, 2014 and attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

2. Terrafugia, Inc. – Right of Entry

Director Bohenko 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 Terrafugia, Inc. from January 1, 2015 through December 31, 2015, for the purpose of conducting research and development and testing of an experimental aircraft on a portion of the North Apron; on substantially the same terms and conditions set forth in the memorandum of Kim W. Hopper, Airport Manager, dated November 12, 2014 and attached hereto.** Discussion: Andrew Pomeroy, Airport Operations Supervisor, reviewed Terrafugia's operations and its development of an automobile/plane. The vehicle testing will be done on the North Apron and may begin in March. In response to Director Lamson, Mr. Pomeroy reported that testing will be done during regular business hours. Due to the vehicle's classification, it will not fly at night. Disposition: Resolved by unanimous vote; motion carried.

IX. 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. Jacobs Engineering Group – Skyhaven Airport Wetlands Survey

PDA contracted with Jacobs Engineering Group for a Wetlands Delineation Survey at Skyhaven Airport. Chairman Nickless approved the expenditure of \$2083.00.

B. Approvals

1. Runway Deicer – Solid

Director Allard moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby approves and authorizes the Executive Director to execute a contract with Nachurs Alpine Solutions Industrial of Marion, OH for the purpose of purchasing sodium formate based runway deicing solid at the price of \$0.74 per pound for a period of one (1) year beginning December 1, 2014; all otherwise in accordance with the memorandum of K. William Hopper, Airport Manager, dated November 13, 2014 attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

2. Runway Deicer – Liquid

Director Bohenko moved and Director Preston seconded that **The Pease Development Authority Board of Directors hereby approves and authorizes the Executive Director to execute a contract with Nachurs Alpine Solutions Industrial of Marion, OH, for the purpose of purchasing potassium acetate based runway deicing liquid at a price of \$4.58 per gallon for a period of one (1) year beginning December 1, 2014; all otherwise in accordance with the memorandum of K. William Hopper, Airport Manager, dated November 13, 2014, attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

3. FAA Approved Runway Sand

Director Lamson moved and Director Allard seconded that **The Pease Development Authority Board of Directors approves and authorizes the Executive Director to execute a contract with Holliston Sand & Gravel of Slatersville, RI, at the price of \$94.04 per ton for the purpose of providing FAA approved runway sand for the Airport runways for a one (1) year period beginning December 1, 2014; in accordance with the memo from K. William Hopper, Airport Manager, dated November 13, 2014, attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

X. Signs

A. Reports

1. Andover Healthcare, Inc. – Sign Modification

In accordance with the “Delegation to Building Inspector: Consent and Approval of Minor Revisions to Existing Signs”, Mr. Mullen reported that PDA approved of the modification to change the prior tenant’s name to the current tenant’s name. Chairman Nickless approved the sign modification.

B. Approvals

1. Granite State College

Director Preston moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby approves of the proposed signs for Granite State College at 51 International Drive; all in accordance with the memorandum of Maria J. Stowell, P.E., Manager - Engineering, dated November 17, 2014 and attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

XI. 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. Nine holes will remain open until November 30, 2014. The Golf Course maintenance crew is working on winterizing the course. Fifty-seven 2 player teams have signed up for the simulator league. The staff will continue to market the season pass promotions and use of the clubhouse for functions.

2. Airport Operations

Mr. Hopper reported on aviation activities.

a) Skyhaven Airport (“DAW”)

The runway project is finished in October. The approach lights are operational and need to be certified by the FAA.

(1) Approvals

(a) GP Aviation Services, LLC – Exercise Option

Director Torr moved and Director Preston seconded that **The Pease Development Authority Board of Directors hereby approves of and authorizes GP Aviation Services, LLC to exercise the first of its two lease options for its operations at Skyhaven Airport on the same terms and conditions as contained in Lease Agreement effective December 1, 2013; all in accordance with the memorandum of K. William Hopper, Airport Manager, dated November 12, 2014 and attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

2. **Sheehan Phinney Bass + Green
Through September 30, 2014**

Total \$ 614.00
\$1,334.00

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

XII. Division of Ports and Harbors

A. Division Director's Reports

1. Port Advisory Council

Mr. Marconi reported that the Port Advisory Council on November 19, 2014. The Council discussed mooring permit rules, regulations and the history of the mooring permit program in an effort to fine tune the permit program.

2. Commercial Mooring Transfer

Mr. Marconi reported that in accordance with the "Delegation to Executive Director: Consent, Approval and Execution of Mooring Permit Transfers", commercial moorings were transferred for:

	<u>Permit</u>	<u>Business</u>	<u>Date of Approval</u>
Rye Harbor Transferor: Transferee:	No. 4345 Valerie Savage Ryan J. Lamey	Commercial Fishing	10/20/14
Seabrook Harbor Transferor: Transferee:	No. 6262 Steven Chase Jeremy Elwell	Commercial Fishing	10/20/14

3. Market Street Terminal Tenants

Mr. Marconi reported on the activities at the Market Street Terminal. Grimmel is working on removing the scrap, making repairs and cleaning its laydown area. The scrap that is still at the Terminal will be trucked out in the near future. Contractors have reviewed the pavement for repairs. On November 1st Cianbro Corp. began staging equipment for the Sarah Long Bridge replacement project. Summit Steel Fabricators is using a portion of the Barge Dock to fabricate a metal building that will be erected at the Portsmouth Naval Shipyard. Riverside Pickering Marine used a portion of the Terminal to erect a crane that was moved off site. Sprague Energy is also using a portion of the dock to move equipment on to a barge. Grimmel has been very cooperative during its transition. Mr. Marconi expects the repairs to the Grimmel area to be done over the winter.

B. Approvals

1. Morton Salt, Inc. – License and Operating Agreement

Director Bohenko moved and Director Aillard seconded **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to complete negotiations with Morton Salt, Inc., successor to International Salt Company LLC, and to execute a License and Operating Agreement for use of a portion of the Market Street Terminal, on terms and conditions substantially similar to those set forth in the memorandum from Geno J. Marconi, Division Director, dated November 10, 2014 attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

2. Star Island Corporation – Lease Amendment

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 Amendment No. 8 to the Right of Entry for Non-Exclusive Use of Parcel A-2 and Burge Wharf with Star Island Corporation retroactively effective January 1, 2014; and on substantially the same terms and conditions as contained in the Amendment No. 8 attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

3. Isles of Shoals Steamship Company – Lease Amendment

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 a Lease Amendment with the Isles of Shoals Steamship Company for the premises located at the Market Street Terminal known as the Barker Wharf on the terms and conditions set forth in the plan and memorandum of Geno J. Marconi, Division Director, dated November 10, 2014, attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

4. Bills for Legal Services

Director Torr 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 \$4,576.00 for legal services rendered to the Division of Ports and Harbors by:**

1.	Sheehan Phinney Bass + Green			
	Through September 30, 2014	\$2,013.00		
		<u>\$2,563.00</u>		
	Total			<u><u>\$4,576.00</u></u>

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

XIII. New Business

No new business was brought before the Board.

XIV. Upcoming Meetings

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

Board Meeting	December 18, 2014	Annual Meeting
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All Board and Committee meetings begin at 8 a.m. unless otherwise posted.

XV. Directors' Comments

There were no comments from the Directors.

XVI. Adjournment

Director Torr moved and Director Bohenko seconded to **adjourn the Board meeting**. Discussion: None. Disposition: Resolved by unanimous vote; motion carried. Meeting adjourned at 9:30 a.m.

XVII. Press Questions

There were no questions from Press.

Respectfully submitted,



David R. Mullen
Executive Director/Secretary