

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

Thursday, April 16, 2015

Presiding: George M. Bald, Chairman
Present: John P. Bohenko; Margaret F. Lamson; Peter J. Loughlin, Vice Chairman and Franklin G. Torr
Via Telephone: Robert A. Allard, Treasurer; Robert F. Preston
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 Bald called the meeting to order at 8:35 a.m. in the Board conference room at 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire. Due to the participation by Directors Allard and Preston via telephone, all votes were taken by roll call.

II. Acceptance of Board Meeting Minutes: March 19, 2015

Director Lamson moved and Director Bohenko seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the March 19, 2015 Board meeting.** Discussion: None. Disposition: Resolved by 6 roll call votes for; motion carried. Note: Director Preston was away from the telephone during the vote.

III. Wastewater Treatment Plant Expansion

Director Bohenko introduced the staff from the City of Portsmouth in attendance including: Brian Goetz, Public Works Deputy Director; Terry Desmarais, City Engineer; Peter Rice, Director of Public Works; Suzanne Woodland, Deputy City Attorney; and Mike Kozer of Arcadis.

Mr. Goetz gave a presentation on the proposed expansion of the Portsmouth Wastewater Treatment Facility at Pease. The presentation included:

- A review of the Portsmouth Wastewater System including the Peirce Island and Pease facilities;
- The regulatory requirements to upgrade the treatment facilities;
- The four options to upgrade the facilities including a regional facility at Pease;
- The history of the Pease wastewater system;
- The need for upgrades to the Pease facility;

Terry Desmarais, City of Portsmouth Engineer, continued the presentation including:

- Feedback received from the Tenants Association at Pease meeting on April 3, 2015;
- Components of an upgrade at Pease and an evaluation of regional components;
- Evaluation of the existing wastewater treatment facility site;
- Structures on the current site and proposed structures;
- Odor control;
- Construction traffic impact;
- Review of alternate sites including 255 Corporate Drive and Site 6;
- Request to NH Dept. of Transportation to re-open Ashland Road to reduce truck traffic impact;
- Components of the upgrade;
- Reasons in support of upgrading the existing Pease wastewater treatment facility.

Mr. Desmarais advised the Board that the life cycle costs estimates need to be finalized. The proposal will next be presented to the Portsmouth City Council. Public input and work sessions will then be held and the proposal would go back to the City Council for action.

In response to Director Lamson's questions, Mr. Desmarais informed the Board that:

- A 20 year life cycle is based in part on the life of the equipment;
- The plant will be staffed five days per week to receive deliveries;
- Lonza Biologics' and Redhook Ale Brewery's output release is staggered to provide a more level operation;
- There are different types of tank systems and odor control including using carbon filters to keep odor at a minimum;
- The 20 year projections allow for increased treatment capabilities if needed

In response to Director Torr, Mr. Goetz reviewed status of the proposals to regionalize the facility to include Exeter and Stratham. Mr. Goetz reviewed the route and the amount of additional pipeline needed to connect Exeter and Stratham with the Pease facility. Mr. Desmarais reported that both Lonza Biologics and Redhook Ale Brewery have separate pre-treatment systems.

Director Bohenko reported that the City is doing its due diligence and the proposal will be presented to the Portsmouth City Council on April 27th. The City and PDA have worked on the proposal. Director Bohenko felt that there is a need to look at regionalization of the facilities to help protect Great Bay.

Chairman Bald questioned if a co-generational facility would add more truck traffic; Mr. Desmarais reported that the plans show the space needs overall and depending on how the plant was used, truck traffic could increase. Chairman Bald noted that there are many questions to be answered; and he was glad of the cooperative efforts between the City and PDA.

Note: The Board recessed at 9:35 a.m and returned to the meeting at 9:45 a.m.

IV. Public Comment

David Currier, of Nextera Energy – Seabrook Nuclear Power Plant, made comments regarding: Nextera's concerns as to how increased truck traffic to the wastewater facility may impact Nextera's ability to operate its emergency response operations at 108 Corporate Drive in an emergency at the Seabrook station; increased construction and post-construction traffic; the type of chemicals that would be stored at wastewater that would affect Nextera's habitability at its facility during an emergency at the Seabrook plant.

Director Bohenko informed the Board that the City conducts "table top" emergency evacuation training exercises with the Seabrook Nuclear plant and Nextera would be included in the emergency plans.

V. Old Business

No old business was brought before the Board.

VI. Audit Committee Report

Director Bohenko, Audit Committee Chairman, reported that the Audit Committee met on April 1, 2015. The Committee had reviewed Requests for Proposals for external auditing services. The staff screened the firms. The Committee interviewed two finalists and the Committee and staff recommended that Berry, Dunn,

McNeill and Parker, LLC be hired as PDA's external auditors. Director Bohenko thanked Irv Canner, PDA Finance Director and staff for their work on the Requests for Proposals.

A. Approvals

1. Auditor Contract

Director Loughlin moved and Director Lamson seconded that **In accordance with the recommendation of the Pease Development Authority Audit Committee, the PDA Board of Directors hereby authorizes the Executive Director to enter into a contract with the firm of Berry, Dunn, McNeill and Parker, LLC to perform the annual external audit, as required by the Comptroller General of the United States, the provisions of the Single Audit Act, OMB Circular A-133, of the PDA's consolidated financial statements for the fiscal years ending 2015, 2016, 2017, and 2018 as described in the Summary Evaluation and Recommendation - Proposal for Auditing Services attached hereto. Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.**

VII. Finance

A. Financial Reports

1. Operating Results for the Eight Month Period Ending February 28, 2015

Mr. Canner reported on the status of PDA FY 2015 finances for the eight month period ending February 28, 2015, including operating revenues and expenses. Operating revenues are approximately 1.7% below budget while operating costs are 6.4% below budget. PDA is still processing winter snow removal costs and PDA is seeking to recover costs related to snow storms from FEMA. Utility costs remain above budget due, in part, to increased electricity consumption and higher electricity rates. Projected fuel sales including the sales at Hampton Harbor facility are below budget. Seasonal hiring has begun for the Division of Ports and Harbors' facilities and the Golf Course. Wages are approximately \$90,000 over budget due to the snow removal crews' overtime. Mr. Canner anticipates that PDA will pay approximately \$225,000 to \$250,000 inclusive for the winter snow removal costs. The Business Units Analyses shows that enplanements at the Portsmouth International Airport at Pease are 30% ahead from the same period last year. Year to date fuel sales are approximately 50% below prior year to date at Skyhaven Airport due, in part, to the runway construction. With the runway construction costs, PDA has absorbed approximately \$1.4 million in support of Skyhaven Airport since its transfer to the PDA. The Golf Course is starting its seasonal operations. Golf fees paid by the public are approximately 59% of the Golf Course revenues. The bar and grill sales are approximately 30% ahead of the same period last year while simulators' revenue are approximately the same. The Division of Ports and Harbors' (DPH) operating expenses are below budget due, in part, to the high snow removal costs. The Market Street Terminal operations provide financial support of the other DPH facilities. The Revolving Loan Fund is carrying cash equal to more than 25% of the total loan portfolio. To avoid sequestration of funds, the cash balance needs to be reduced through the issuance of more loans in subsequent twelve months. The semi-annual Revolving Loan Fund report will be made next month to the Economic Development Administration.

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

Mr. Canner reviewed PDA cash flow projections for the nine month period ending December 31, 2015. PDA's current unrestricted cash balance is approximately \$256,000. PDA anticipates spending \$2.8 million dollars in non-grant funded projects including roof repairs to the Airport Terminal and expansion of the Golf Course clubhouse. Grant funded projects at a cost of approximately \$2.7 million dollars include the Skyhaven Airport runway and the purchase of snow removal equipment. Mr. Canner reviewed the projected cash and debt balances as well as the use of the Provident Bank revolving line of credit to pay for capital projects while waiting for grant reimbursements.

Director Preston asked if the DPH website could be used more to market DPH operations and asked that staff review the use of the website for marketing purposes.

VIII. Licenses/Easements/Rights of Way/Options

A. Approvals

1. VMD Systems Integrators, Inc. – Airport Terminal

Director Preston moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a Right of Entry with VMD Systems Integrators, Inc. to use a portion of the Portsmouth International Airport at Pease Air Terminal for a period of six (6) months beginning May 1, 2015 through October 31, 2015; and to extend the term through October 31, 2019, on substantially the same terms and conditions set forth in the Right of Entry dated April 1, 2015 attached hereto. Note: Roll call vote required. Discussion:** Bill Hopper, Airport Operations Manager, reported that VMD Systems will take over the screening at the Airport that was previously handled by TSA. Disposition: Resolved by unanimous roll call vote; motion carried.

2. Rights of Entry – North Apron Vehicle Training

Director Torr moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute Rights of Entry with the a) Portsmouth Police Department and b) Portsmouth Naval Shipyard Department of Defense through December 31, 2015, for the purpose of conducting emergency vehicle training on a portion of the North Apron subject to coordination of training schedules with PDA Airport Operations Department. Note: Roll call vote required. Discussion:** Marie Aleksy, PDA Paralegal, reported that since the terms of the Rights of Entry are longer than six months, Board approval is needed. In response to Director Lamson, Mr. Hopper reported that various agencies use the North Apron to train personnel to use emergency vehicles, such as ambulances, and that some noise is generated during the training. Disposition: Resolved by unanimous roll call vote; motion carried.

IX. 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. Two International Group, LLC

Two International Group, LLC entered into subleases at 2 International Drive with: a) MTS Services for 1,100 square feet for a term of two years; and b) Weidema, Lavin, Grott & Riendeau, PC for 258 square feet on a month to month term. Director Lamson approved the subleases.

2. 222 International, LP

222 International, LP entered into a sublease at 195 New Hampshire Avenue with Prometric, Inc. for 3,007 square feet for a base term of three months. Director Lamson approved the sublease.

3. 249 Corporate Drive, LLC

249 Corporate Drive, LLC entered into a sublease at 249 Corporate Drive with Loftware, Inc. for 31,826 square feet for a base term on 10 years. Director Lamson approved the sublease.

B. Approvals

1. Old Tex Mex, LLC – 68 NH Avenue Assignment/Amendment

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

- a. approves of and authorizes the Executive Director to enter into Lease Amendment No. 3 with Old Tex Mex, LLC for the Premises located at 68 New Hampshire Avenue in substantially the form attached hereto, which amendment will provide for a conditional extension of the remaining lease term from 23 years and 7 months to 40 years;**
- b. authorizes the Executive Director to complete negotiations and to approve execution of a Consent of Sublessor and Agreement concerning Assignment of the Sublease ("Consent") by and between PDA, Old Tex Mex, LLC, and Cinthesys Real Estate Management LLC; and**
- c. authorizes and approves such other action(s) and the execution of such other document(s) as the Executive Director and General Counsel deem necessary or advisable to implement the transaction contemplated in the Memorandum of David R. Mullen, Executive Director, dated April 8, 2015, attached hereto. Note: Roll call vote required.**

Discussion: Director Loughlin recused himself due to a conflict. Disposition: Resolved by 6 roll call votes for; 1 abstention (Director Loughlin); motion carried

X. 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 contracts:

1. Williams Communications Services, Inc. – Airport Terminal

PDA contracted with Williams Communications Services, Inc. for the provision and installation of a Valcom public announcement message system for use at the Airport Terminal. The expenditure of \$1,050.00 was approved by Vice Chairman Loughlin.

2. Pease Golf Course – Website Consultation

PDA contracted with Norman Whitaker to assist staff in building the Pease Golf Course website, Request for Proposal for services, and assist staff in qualifying bids received. The expenditure of \$1,500 total is an approved budget item.

B. Approvals

1. USDA Wildlife Control

Director Bohenko moved and Director Torr seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to execute a contract with the United States Department of Agriculture Wildlife Service (USDA WS) from January 1, 2015 through December 31, 2015, in the**

amount of \$17,998.70 for the purpose of providing integrated turkey, other large bird, and animal control and monitoring services at the Airfield; all in accordance with the memorandum of Kim W. Hopper, Airport Manager, dated March 31, 2015, and attached hereto.

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

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

Discussion: Director Loughlin asked about wildlife monitoring at the Great Bay National Wildlife Refuge. Mr. Hopper reported that turkeys cannot be shot on the Refuge or outside the Airport fence. Instead, the turkeys are trapped and relocated. Chairman Bald noted that the service is needed as a plane was damaged in the past due to a turkey getting caught in the plane's engine. Disposition: Resolved by unanimous roll call 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. The driving range opened on April 13th. The upper nine should be open by April 17th with all courses open by May 1st. Eight golf leagues will return this season. Fifty-eight golf functions and 38 non-golf functions are booked for the season. Hiring of seasonal staff has begun.

2. Airport Operations

Bill Hopper, Airport Manager, reported on aviation activities.

a) Skyhaven Airport ("DAW")

The grand opening of the upgraded runway will be held on May 16th and the Wings and Wheels fundraising event will be held on June 13th.

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

Enplanements have increased due the increased activity of troop flights and Allegiant Airlines. Construction activities that stopped because of winter have resumed. Snow removal activities at both airports are done for the season.

Director Lamson reported that the Airport Committee will meet on May 11, 2015 to discuss a proposal by Seacoast Helicopters. Lynn Hinchee, PDA General Counsel, advised the Board that the purpose of the meeting is to determine if Seacoast Helicopters meets the Airport Minimum Standards to engage in helicopter sales. Plane Sense may also present a proposal for an employee flying club. Director Lamson expressed her concern about additional noise impact from the Seacoast Helicopter operations and wanted to make sure that the

public will have the opportunity to speak at the meeting, Director Preston, Committee Chair, assured the Board that the Committee will listen to all who wish to speak at the meeting.

c) Noise Line Report

Mr. Hopper reported that the PDA Noise Line received a total of three inquiries in March. One inquiry dealt with a US Coast Guard Black Hawk helicopter; one inquiry was regarding a Gulf Stream aircraft flown by MIT Lincoln Laboratories; and one inquiry was about a military C-5 aircraft. All aircraft had followed the voluntary noise restrictions.

3. Transportation Infrastructure Improvement Fee

Mr. Mullen reported that an updated chart regarding transportation infrastructure improvement fees assessed to leasehold tenants was included in the Board packet.

4. NH DOT – Skyhaven Airport Memorandum of Understanding

Maria Stowell, PE, Manager – Engineering, reported that PDA and NH Department of Transportation entered into a Memorandum of Understanding regarding the overlapping Skyhaven Airport aviation easement and the NH Route 108 right-of-way.

B. Approvals

1. Federal Highway Administration – Arboretum Drive and ROE

Director Lamson moved and Director Torr seconded that Pursuant to RSA 12-G:8 IV, The Pease Development Authority Board of Directors hereby accepts the donation for services from the Federal Highway Administration, Eastern Federal Lands Highway Division (“EFLHD”) to reconstruct a portion of Arboretum Drive; and authorizes the Executive Director to enter into a Right of Entry with EFLHD to make the improvements to Arboretum Drive as part of EFLHD’s project to improve the roads and parking areas at the Great Bay National Wildlife Refuge; all in accordance with the memorandum of Maria J. Stowell, P.E., Manager- Engineering, dated April 9, 2015 attached hereto. Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried

2. FAA Grant Acceptance/Contract Award

Director Loughlin moved and Director Torr seconded that Contingent upon the FAA AIP project funds being made available to PDA, the Pease Development Authority Board of Directors hereby authorizes the Executive Director:

- (1) to apply for and accept on behalf of the PDA, a Federal Aviation Administration ("FAA") Grant Offer through the State Block Grant Program in the amount up to \$116,626.00 in AIP funding for the design of the Pavement and Drainage Rehabilitation project at Skyhaven Airport, Rochester, NH;
- (2) to apply for and accept 5.0 % of matching funds from NHDOT Division of Aeronautics in an estimated amount up to \$6,479.22;
- (3) to have PDA contribute an amount up to \$31,424.22, (equal to 5% of total eligible projects costs as well as costs for ineligible portions of the project:

(4) to enter into a contract with Jacobs Engineering Group, Inc., PDA's provider of aviation planning and engineering services, in an amount not to exceed \$136,467.00 for design, bidding, and permitting services; and

(5) to seek the review and input of the Skyhaven Airport Advisory Committee prior to the project being put out to bid;

all in accordance with the memorandum from Maria J. Stowell, P.E. Manager - Engineering, dated April 3, 2015, and attached hereto. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

3. Bills for Legal Services

Director Torr moved and Director Lamson seconded that The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds in the total amount of \$145.00 for legal services rendered to the Pease Development Authority by:

1. Sheehan Phinney Bass + Green
Through February 28, 2015 \$ 145.00

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

XII. Division of Ports and Harbors

A. Division Director's Reports

1. Port Advisory Council

Geno Marconi, Division Director, reported that the Port Advisory Council met on April 15, 2015. The Council reviewed the 2015 mooring permit process. The Council discussed issues regarding fisheries, moorings and administrative rules.

Mr. Marconi reported to the Board on the status of the mooring permit applications returned. There were 1,464 applications sent out. As of March 31, 2015, 29 mooring permits were not re-applied for and were deemed expired. Three hundred eighty-two individual wait list applications were sent out to and 348 applications were returned. There were approximately 500 spots applied, including applications for multiple mooring areas and applications from current mooring permit holders who want to relocate their moorings.

2. Commercial Moorings for Hire

Mr. Marconi reported that in accordance with the "Delegation to Executive Director: Consent, Approval and Execution of Commercial Mooring for Hire Permits", PDA approved of the following Commercial Moorings for Hire permits:

<u>Applicant</u>	<u>Number of Permits</u>	<u>Business</u>	<u>Date of Approval</u>
Bayview Marina, LLC	6	Marina	3/24/15
Theresa Cote	1	Shorefront tenant	3/24/15
Esther's Marina, LLC	2	Marina	3/24/15
Charles Felch	1	Shorefront tenant	3/24/15
Great Bay Marina	73	Marina	3/24/15

Great Bay Yacht Club	11	Yacht Club	3/24/15
Hampton River Boat Club	2	Boat Club	3/24/15
Phyllis Carableas Holt	1	Shorefront Tenant	3/24/15
Island Club New Castle, Inc.	1	Boat Club	3/24/15
Kittery Point Yacht Club	7	Yacht Club	3/24/15
Lamprey River Marina	6	Marina	3/24/15
Little Bay Marina	4	Marina	3/24/15
Matthew Metivier	1	Shorefront tenant	3/24/15
Mud Cove Boat Yard	1	Shorefront tenant	3/24/15
Dorothy Oliver	1	Shorefront tenant	3/24/15
Portsmouth Yacht Club	14	Yacht Club	3/24/15
Sagamore Landing Homeowners Assn	1	Shorefront Condo	3/24/15
Split Rock Cove Ltd	1	Shorefront tenant	3/24/15
Wentworth by the Sea Dockside Condominium Association	1	Shorefront Condo	3/24/15
Wentworth By the Sea Marina (Pier People LLC)	2	Marina	3/24/15

3. Miscellaneous

Mr. Marconi reported that in response to Representative Pantelakos' comments at the March 19, 2015 Board meeting, Director Loughlin (Port Committee Chairman) and Mr. Marconi met with Representative Pantelakos and Robert Hasshold to discuss the Port operations and to accept any ideas regarding ideas to keep the Port as a working port.

B. Approvals

1. Pda Administrative Rules Amendments – Various – Adoption

Director Bohenko moved and Director Torr seconded that **In accordance with the provisions of RSA 12-G:42, VIII, the PDA Board of Directors hereby adopts the Fixed Text for the following chapters attached hereto, and authorizes the Division Director to take any necessary or recommended action in accordance with RSA 541-A, in furtherance of this matter:**

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

The rules are deemed effective April 17, 2015. Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call 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 \$934.50 for legal services rendered to the Division of Ports and Harbors by:**

- 1. **Sheehan Phinney Bass + Green
Through February 28, 2015** \$ **934.50**

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

XIII. Special Events – Report

Ms. Aleksy reported that the following special events will take place on the Tradeport.

1. Bridal Miles – 5k

On Sunday, May 17, 2015, Madeleine’s Daughter Bridal Shop will host the “Bridal Miles” 5k road race. Funds raised will be used to support “My Breast Cancer Support” programs that provide support to local breast cancer patients.

2. Newington School Supporters

On Saturday, September 12, 2015 the Newington School Supporters will host the Fox Point Sunset 5 Mile Road Race. Funds raised will be used to support Newington Public School programs.

XIV. New Business

Bill Bartlett, PDA Director of Operations, reported that the Portsmouth Hospital has a helipad and there may be increased medical related helicopter traffic at Portsmouth Hospital.

XV. New Business

XVI. Upcoming Meetings:	Airport Committee	May 11, 2015 @ 6:30 p.m.
	Finance Committee	May 18, 2015
	Board of Directors Meeting	May 21, 2015

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

XVII. Directors’ Comments

There were no comments from the Directors.

XVIII. Adjournment

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

XIX. Press Questions

No members of the Press attended the meeting.

Respectfully submitted,


David R. Mullen
Executive Director/Secretary