

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

Thursday, September 15, 2016

Presiding: George M. Bald, 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 Deputy Director/General Counsel; PDA staff members; members of the public;

I. Call to Order

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

II. Acceptance of Meeting Minutes: August 18, 2016

Director Lamson moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the August 18, 2016 Board meeting.** Discussion: Director Lamson requested a clarification of the 7% cost underrun of fringe benefits as of June 30th as shown in Finance Reports section of the Minutes. Disposition: Resolved by unanimous vote for; motion carried.

III. Public Comment

There were no comments from the public.

IV. Old Business

No old business was brought before the Board.

V. Golf Committee Report

Director Bohenko, Committee Chair, reported that the Golf Committee met on September 12, 2016 to review Golf Course operations. The Committee reviewed the bid proposal for the lease of golf carts and recommended that the bid proposal be staggered so that 30 golf carts would be replaced every year after the initial three year period. Scott DeVito, PGA General Manager, will review the proposal with vendors. The Committee reviewed the restaurant operations and voted to recommend that the Board approve the simulator software license with aboutGolf. Mr. DeVito reported on the use of the simulators by fifty 2 player teams that play weekly during the winter. The license will provide updated software for the simulators and applications for players' smart phones. Mr. DeVito reported that the Golf Course staff inventoried the bunkers. There are 34 bunkers and 1 rake was missing and was replaced. There are ball washers at every third hole.

A. Approvals

1. aboutGolf Simulator License

Director Allard moved and Director Loughlin seconded that **In accordance with the recommendation of the Pease Development Authority Golf Committee, the Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to enter into the Commercial Software License Subscription Agreement, as amended, with aboutGolf,**

Limited, (“aboutGolf”) of Maumee, OH, for the provision and maintenance of the Golf Course Clubhouse simulator software and equipment in an amount projected to be \$5,200 per year, subject to change in accordance with the usage of the simulator system; all in accordance with the memorandum of Scott DeVito, PGA General Manager, dated September 7, 2016 attached hereto.

In accordance with the provisions of RSA 12-G:8, VIII the Board waive the RFP requirement based upon the following justification:

1. **aboutGolf is the sole source supplier of the software and equipment covered in the License Agreement.**

Note: This motion requires 5 affirmative votes. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

VI. Finance Committee Report

Irving Canner, PDA Director of Finance, reported that the Committee met on Monday, September 15, 2016 to review PDA finances. The Committee was advised that the PDA external audit field work was finished and a report will be presented to the Audit Committee in October.

A. Financial Reports

1. Operating Results for the One Month Period Ending July 31, 2016

Mr. Canner reported on the status of the PDA FY 2017 finances for the one month period ending July 31, 2017 including operating revenues and expenses. FY 16 is closed out and no trends have developed yet for FY 17. Operating revenues of approximately \$1.6 million include rental fees, golf course fees, and fuel sales. With the reduction of seasonal employees, staffing numbers to date decreased to 136 employees during the past month. The organizational chart was updated to show the recent restructuring and includes 59 full-time benefitted positions. Other expenses include utilities, professional services, and fuel costs.

The Balance Sheet figures for the period ending June 30, 2016 are preliminary. Several construction projects were closed in FY 16 leaving a current balance for construction work in progress of approximately \$550,000. In response to Director Lamson, Mr. Canner reviewed the components of the capital assets' figures. Net pension liabilities for the period is approximately \$3.6 million. As of June 30, the figure was revised by the State to \$4.3 million. Mr. Canner reviewed the variances to the pension liability. Pension liabilities, which are not the same as pension contributions, are reported in accordance with GASB 67 and were added to the statements in FY 2015. Director Bohenko requested that a footnote be added to the unrestricted net position regarding PDA's pension liability.

Mr. Canner reviewed the differences in the net positions between PDA's operations and the Division of Ports and Harbors (DPH). PDA expects to work out its net deficit within approximately two years. Discussion continued regarding DPH operations, and obligations interest rate assumptions, and market variations. Director Bohenko felt that the Board and Finance Committee should review DPH operations and review upcoming revenues. Chairman Bald agreed with addition of a footnote to the Balance Sheet.

Enplanements at Portsmouth International Airport at Pease (“PSM”) as of August 31, 2016 are 47,269, which exceeds the number for the same period last year Skyhaven Airport (“DAW”) had a net operating income of approximately \$7,000 for the period. The net cash flow since DAW's transfer to PDA in 2009 is a deficit amount of approximately \$1.4 million. PDA absorbs approximately \$75,000

annually for DAW operations. Golf Course operating revenues are ahead of budget with a positive cash flow for the period of approximately \$218,000. Bar and grill sales and rounds of golf played are ahead of the same period last year. The Golf Course opened early this year and the rain dates will be adjusted to provide an accurate comparison of past years. Simulator revenues are expected to increase in the winter months. Mr. Canner reviewed DPH's financial position including unrestricted and restricted cash balances.

2. Nine Month Cash Flow Projections to May 31, 2017

Mr. Canner reviewed PDA flow projections for the nine month period ending May 31, 2017 including sources of funds. PDA Cash balances are expected to increase to approximately \$4 million at the end of the period. Grant funded construction projects of approximately \$3.9 million include the PSA Terminal renovations and NH ANG taxiway. Non-grant funded projects of approximately \$1.1 million include the PSM Terminal roof replacement and purchase of Golf Course equipment. Mr. Canner reviewed DPH's cash flow variances including the ME DOT lease expiration in 2017 and the repayment obligation to the State of \$250,000 for the Piscataqua River turning basin project. Director Loughlin requested that a footnote also be added to the DPH unrestricted funds regarding pension liability.

B. Approvals

1. Provident Bank – Line of Credit Extension

Director Bohenko moved and Director Lamson seconded that **In accordance with the recommendation of the Pease Development Authority Finance Committee, the PDA Board of Directors approves and authorizes the Executive Director and any other required signatories to:**

- 1. extend the term of the Revolving Line of Credit Facility with Provident Bank through December 31, 2017; and**
- 2. execute Certificate(s) of Resolution in such form as has been approved by PDA General Counsel and the Director of Finance and to enter into such agreements as may be required to effect this resolution;**

all in accordance with the memorandum from Irving Canner, Director of Finance, dated September 6, 2016 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", Mr. Mullen reported on the following subleases:

1. Kanerd Development, LLC – 166 Corporate Drive

Kanerd Development LLC entered into a sublease with Lonza Biologics, Inc. for 102,400 square feet at 166 Corporate Drive for a base term of 10 years with three 2 year options to extend. Director Lamson approved the sublease.

B. Approvals

1. Tower Hill Development LLC – 185 International Drive Expansion

Director Lamson moved and Director Loughlin seconded that **The Pease Development Authority Board of Directors hereby approves of and authorizes Tower Hill Development, LLC to amend the concept plans (previously approved by the Board on August 16, 2012) to change the entrance way on the expansion portion of the premises located at 185 International Drive; all in accordance with the terms and conditions set forth in the memorandum of Maria J. Stowell, P.E., Manager - Engineering, dated September 8, 2016 attached hereto.** Discussion: Director Lamson commended Maria Stowell, P.E., Manager – Engineering for her review of the stormwater treatment in connection with the project. Disposition: Resolved by unanimous vote; motion carried.

VIII. Executive Director’s Reports/Approvals

A. Reports

1. Write Off Accounts Receivable

In accordance with the "Delegation to Executive Director: Consent and Approval for Execution of Documents, To Write off Accounts Receivables" Mr. Mullen reported that PDA wrote off Grimmel Industries, Inc. in the total amount of \$1,984.55. Director Allard, Treasurer, approved the transaction.

2. Golf Course Operations

Scott DeVito, PGA General Manager, reported on the activities at the Pease Golf Course. Forty-five thousand rounds of golf have been played year to date. The rounds played are expected to exceed 53,000 for the calendar year. Member renewal applications were sent out. The "Pay Now Play Now" program will begin on September 20, 2016. Mr. DeVito reviewed the fees for adult memberships. Membership is capped at 250 adults and 50 student/juniors. Promotions for the simulators will begin at the end of the month.

3. Airport Operations

Andrew Pomeroy, Airport Operations Supervisor, reported on aviation activities.

a) PSM

As of August 31st, enplanements exceeded 47,000. Allegiant Airlines resumes service to Sanford/Orlando Florida on September 29th. Service to Clearwater/St. Petersburg, Florida will begin on November 17th and to Punta Gorda, Florida on November 18th. Service to Fort Lauderdale will begin on December 17th. In February, 2017, Allegiant will offer services 6 days per week. Work on the Terminal roof and bathrooms is ongoing. Demolition of the old tower has begun.

b) Skyhaven Airport

To date, there were 5,694 aircraft operations including 732 in August.

c) Noise Line Report

Mr. Pomeroy reported that 117 inquiries were made to the Noise Line in August, 2016. There were 78 inquiries related to helicopter operations; and 39 inquiries related to fixed-wing operations, including military and non-military flights.

B. Approvals

1. Farley White Pease LLC – 100 Arboretum Drive Storage Shed

Director Loughlin moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby approves and authorizes Farley White Pease LLC to construct a storage shed on the premises located at 100 Arboretum Drive; all in accordance with the memorandum of Maria Stowell, P.E., Manager - Engineering dated September 7, 2016 attached hereto.** Discussion: Director Lamson noted that the landscaping on the premises are very well done and maintained. Disposition: Resolved by unanimous vote; motion carried.

C. Ratification and Approval

1. Document Signatures

- a) **Kanerd Development LLC – Lease Amendment No. 2**
- b) **Kanerd Development LLC – Notice of Consent**
- c) **Danielle’s Dash – Right of Entry**

Director Preston moved and Director Torr seconded that **The Pease Development Authority Board of Directors, hereby ratifies and approves of the following documents attached hereto executed by LynnMarie Hinchee, PDA Deputy Director/General Counsel on behalf of David R. Mullen, PDA Executive Director:**

- 1. Kanerd Development LLC Lease Amendment No. 2;**
- 2. Notice of Consent issued to Kanerd Development LLC; and**
- 3. Right of Entry – Danielle’s Dash Road Race**

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

IX. Division of Ports and Harbors

A. Reports

1. Port Advisory Council

Tracy Shattuck, Chief Harbor Master, reported that the Port Advisory Council did not meet in September. The security audit at the Market Street Terminal was recently completed and went very well. Chief Shattuck thanked Grant Nichols, Deputy Chief Harbor Master and Dan Pollinger for their work on the security audit.

B. Approvals

1. PDA 600 – Various – Final Adoption

Director Torr moved and Director Preston seconded that **In accordance with RSA 12-G:42, X(d), the PDA Board of Directors hereby adopts parts of Chapter Pda 600, State-Owned Commercial Piers and Associated Facilities designated as Pda 603.02(d) and Pda 603.11 as amended in accordance with the Conditional Approval issued on July 21, 2016 by the Joint Legislative Committee on Administrative Rules attached hereto. Parts Pda 603.02(d) and Pda 603.11 shall be effective September 16, 2016.**

In accordance with RSA 541-A:14, III, that the Division Director submit, Parts Pda 603.02(d) and Pda 603.11 as adopted, to the Director of Legislative Services for filing. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

2. Dept. of Homeland Security – Grant Acceptance

Director Loughlin moved and Director Lamson 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 Department of Homeland Security Grant Offer in the amount of \$58,773.00 for the security and software upgrades at Division facilities; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated September 6, 2016 attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried

X. New Business

No new business was brought before the Board.

XI. Upcoming Meetings

Chairman Bald announced the following upcoming meetings:

Port Committee	October 6, 2016	555 Market Street
Audit Committee	October 17, 2016	
Board of Directors	October 20, 2016	

All Meetings begin at 8 a.m. unless otherwise posted.

XII. Directors’ Comments

Director Preston asked about the work going on at the North Jetty. Chief Shattuck reported that the Army Corps of Engineers is repairing the North Jetty due to storm damage,

XIII. Non-Public Session

Director Bohenko moved and Director Preston 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;**
2. **NHRSA 91-A:3, Paragraph II(e) for consideration or negotiation of pending claims or litigation which has been threatened in writing or filed against the body or agency or any subdivision thereof, or against any member thereof because of his or her membership in such body or agency, until the claim or litigation has been fully adjudicated or otherwise settled.**

Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried. The Board entered into non-public session at 8:50 a.m. The Board returned to public session at 10:26 a.m.

XIV. Vote of Confidentiality

Director Allard moved and Director Loughlin seconded that **Resolved, pursuant to NH RSA 91-A:3, Paragraph III, the Pease Development Authority Board of Directors hereby determines that**

the divulgence of information discussed and decisions reached in the non-public session of its September 15, 2016 meeting related to:

1. Potential threat of litigation; and
2. Leasing of property;

would, if disclosed publically, a) render the proposed actions ineffective; and b) affect adversely the reputation of any person other than a member of the public body itself; and agrees that the minutes of said meeting be held confidential until, in the opinion of a majority of the Board of Directors, the aforesaid circumstances no longer apply. Note: This motion requires 5 affirmative votes. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried

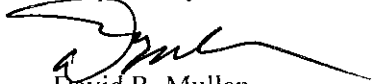
XV. Adjournment

Director Bohenko moved and Director Allard seconded to **adjourn the Board meeting**. Discussion: None. Disposition: Resolved by unanimous vote; motion carried. Meeting adjourned at 10:28 a.m.

XVI. Press Questions

There were no members of the press at the meeting.

Respectfully submitted,



David R. Mullen
Executive Director/Secretary