

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

Thursday, August 10, 2017

Presiding: Peter J. Loughlin, Vice Chairman  
Present: Robert A. Allard, Treasurer; John P. Bohenko; Margaret F. Lamson; Robert Preston and Franklin G. Torr  
Absent: George M. Bald, Chairman  
Attending: David R. Mullen, PDA Executive Director; Lynn M. Hinchee, Deputy Executive Director and General Counsel; PDA staff members; members of the public

**I. Call to Order**

Vice-Chairman Loughlin called the meeting to order at 8:04 a.m. in the Board conference room at 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire.

**II. Acceptance of Minutes: June 15, 2017**

Director Lamson moved and Director Bohenko seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the June 15, 2017 Board meeting.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

**III. Public Comments**

Director Preston welcomed Mr. Ted Connors. Director Lamson welcomed him and announced that Mr. Connors was a new Selectman for the Town of Newington.

**IV. Old Business**

There was no old business.

**V. Golf Committee Report**

Director Bohenko reported that the Golf Committee met on Monday, August 7, 2017 and reported the items addressed: (1) Cancellation Policy; (2) Annual Pass Fee Increase; and (3) Golf Cart Bridge Replacement.

In response to Director Torr's question about the cancellation policy being consistent with other facilities, Scott DeVito, General Manager, reported that he viewed other facilities and some had no policy and others had a more strict policy. The Golf Course is looking to reduce the revenue lost by repeated late or no show cancellations and to have a presence on the web page with the cancellation policy. The first action will be to speak with the player directly.

In answer to Director Loughlin's question about the Annual Pass Fee actually being an increase, Mr. DeVito explained that overall, it will increase revenue, but the motion is to adjust the Annual Pass Programs as recommended by the audit of Colliers International.

Director Lamson expressed how pleased she is that the bridge is being replaced and that the bridge is in a beautiful spot on the course.

## **VI. Finance Committee Report**

Irv Canner, PDA Director of Finance, reported that the Finance Committee met on August 7, 2017 to review the status of PDA finances.

### **A. Financial Reports**

#### **1. Operating Results for Eleven Month Period Ending May 31, 2017**

Irving Canner, PDA Director of Finance, reported on the status of PDA FY 2017 finances for the eleven month period ending May 31, 2017, including operating revenues and expenses. Mr. Canner indicated that the closeout for June has begun and the external audit will begin on September 5, 2017. The operating costs are lower with a variance of 7.6% below budget. The revenue figures are higher by 1.4%. This is due in large part to fee revenues and non-membership revenue at the Golf Course. The offset is fuel sales which are lower than budget by \$156,000. The true loss of net profit is 4% of that number. Mr. Canner reported that the merchandise sold at the Golf Course is above budget by approximately \$47,000.

Mr. Canner discussed the underlying trends of operating expenses, particularly professional services. As of June 30, litigation costs, primarily related to the CLF initiative, are approximately \$270,000 and as of May 31, that figure is about \$230,000. Mr. Canner reviewed staffing at PDA. Payroll, including fringe benefit costs, is under budget by approximately \$140,000.00 or 2.3%. The organizational chart reflects the current staffing.

Mr. Canner reviewed the Balance Sheet, discussing cash balances and the breakdown between restricted and unrestricted funds. Our cash position is \$5.2 million of unrestricted cash and \$670,000 in restricted cash. The restricted cash is primarily comprised of the Revolving Loan Fund and the Harbor Dredging Fund. Overall, the Construction Work in Progress ("CWIP") expenditures total \$2.1 million including Division of Ports and Harbors ("DPH") expenditures of \$170,000. Skyhaven Airport ("DAW") construction of the taxi lane pavement and drainage system will begin this fall. The unrestricted deficit fund balance that we ended with on June 30 of \$3.2 million is a concern but the reason was the pension liability. The current deficit now is about \$800,000.

Mr. Canner discussed the Revolving Line of Credit ("RLC") and reported that we have not had to use any funds from it this fiscal year.

Mr. Canner discussed the individual business units. At end of June, PSM had approximately 55,000 enplanements versus 35,000 last year at this time. DAW had a cumulative deficit cash flow impact of \$1.4 million to PDA. Coming up over the next nine months is the taxi lane pavement project where we will be spending close to \$2 million.

#### **2. Nine Month Cash Flow Projections to March 31, 2018**

Mr. Canner reviewed PDA cash flow projections for the nine month period ending March 31, 2018 including sources of funds for grant funded and non-grant funded projects.

Nine months from now we should have approximately \$4.8 million in unrestricted fund balances. There will be approximately \$7.1 million for grant related activities and approximately \$700,000 for non-grant related capital expenditures. Of the \$700,000 of non-grant funds, the golf cart bridge replacement project would be approximately \$190,000 and additional activity at PSM for approximately \$160,000. The grant related capital expenditures include the Air National Guard Taxiway and is a pass through dollar for dollar, as well as Skyhaven activities. We will not have to access our Revolving Line of Credit ("RLOC") and can take any expenditures out of our cash flow. The average monthly cash balance is about \$3.7 million.

The Golf Course capital expenditures are approximately \$250,000 which include \$190,000 for the golf cart bridge replacement and the fairway mower which is a carryover from a prior approval.

The credit facility with Provident Bank is a \$5 million facility expiring December 31, 2017. The cost of borrowing today would be 3.86% versus 3.1% a year ago.

**B. Approvals**

**1. Revolving Line of Credit Facility – One Year Extension**

Director Lamson moved the motion and Director Allard seconded that the Pease Development Authority Finance Committee hereby recommends to the Pease Development Authority Board of Directors to approve of and authorize the Executive Director and any other required signatories, to: (1) extend the term of the \$ 5,000,000 Revolving Line of Credit with the Provident Bank through December 31, 2018; and (2) execute Certificate(s) of Resolution in such form as has been approved by PDA's General Counsel and the Director of Finance and to enter into such agreements as may be required to implement this resolution; all in accordance with the memorandum from Irv Canner, Director of Finance, dated August 2, 2017, attached hereto. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried. Director Preston abstained from voting.

**VII. Licenses/Easements/Rights of Way/Options**

**A. Approvals**

**1. Lonza Biologics, Inc. – Parking License at 55 International**

Director Torr moved and Director Preston seconded that The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute Amendment No. 6 to the Parking License Agreement with Lonza Biologics, Inc. for parking spaces located at 55 International Drive. The License Amendment is extended from November 1, 2017 through September 30, 2018; all in accordance with the memorandum from David R. Mullen, dated May 1, 2017, attached hereto. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

**VIII. Leases**

**A. Reports**

**1. Lonza Biologics, Inc. – Iron Parcel Option Agreement**

Executive Director, David R. Mullen, reported that discussions are taking place on the extension of the Iron Parcel Option Agreement. The option fee will be increased by a CPI adjustment.

**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 contracts:

**1. A-D Archambault Plumbing & Heating, Inc.**

PDA contracted with A-D Archambault Plumbing & Heating, Inc. for the installation of an additional backflow preventer on the domestic water line to the terminal building at Skyhaven Airport. The expenditure of \$579.00 was approved by Vice-Chairman Loughlin.

**2. Dell, Inc.**

PDA contracted with Dell, Inc. for the purchase of the computer upgrade of five computer systems and six computer monitors. The expenditure of \$5,502.73 was approved by Vice-Chairman Loughlin.

**3. John Brown & Sons, Inc.**

PDA contracted with John Brown & Sons, Inc. to provide vegetation removal services at Skyhaven Airport. The expenditure in an amount not to exceed \$7,800.00 was approved by Vice-Chairman Loughlin.

**4. Ransom Consulting, Inc.**

PDA contracted with Ransom Consulting, Inc. for the annual geothermal water quality testing at Pease Golf Course. The expenditure of \$1,800.00 was approved by Vice-Chairman Loughlin.

**5. Childs HVAC**

In accordance with the “Delegation to Executive Director: Consent, Approval and Execution of Documents and Expenditure of Funds for Emergency Repairs,” PDA contracted with Childs HVAC for the emergency repair of the compressor for the ice machine at Portsmouth Fishing Pier. The expenditure was in an amount not to exceed \$10,000.00.

**B. Approvals**

**1. Manager Plus+ Software – Work Order Software**

Director Lamson moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a contract with Manager Plus+ for the work order management software in the initial amount of \$10,214.00; all in accordance with the memorandum from Irv Canner, Director of Finance, dated August 2, 2017 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’s prior working knowledge base of the Manager Plus+ software; and (2) User friendliness and the platform accessibility; all of which will accelerate the implementation process. Note: This motion requires 5 Affirmative Votes. Discussion: None. Disposition: Resolved by unanimous vote roll call 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, including aeration of greens and a contract with PH Media for sales messaging for the phone system. There were two days of rain in July which prevented the Golf Course from seeing 10,000 rounds of play for the month.

Director Loughlin expressed how the numbers for the Golf Course seem to increase every month. In response to Director Preston’s question about the opinion of the Golf Course consultant in connection with the restaurant’s revenues, Mr. Mullen responded that restaurant revenue is in balance.

**2. Airport Operations**

Paul E. Brean, Airport Director, reported on aviation activities.

**a) PSM**

This number of enplanements this month have already surpassed the total enplanements for 2016. The number of passengers are split 50/50 with Allegiant and troop passengers at 10,000 each.

**b) Skyhaven Airport**

Mr. Brean reported that the NH DOT gave a positive report on Skyhaven Airport and stated that it was well maintained and kept up.

**c) Noise Line Reports (June and July)**

There were a total of 66 noise inquiries at PSM during the month of June. There were 45 inquiries regarding rotor activities; originating from five Portsmouth residences and one Kittery Point residence. One Portsmouth resident was responsible for 36 of the 46 inquiries. All but one of the calls pertained to Seacoast Helicopters. There were 20 inquiries regarding fixed wing activities from one residence in Newmarket with 17 calls. The other three calls were from Durham and Portsmouth pertaining to a non-based C5 training in the area. There was one inquiry concerning both fixed wing and rotor wing from aircraft a Rye resident.

There were a total of 78 noise inquiries at PSM during the month of July. There were 75 inquiries regarding rotor activities; originating from four Portsmouth residences, two Kittery Point residences and one Newington residence. One Portsmouth resident was responsible for 59 of the 75 inquiries. A majority of the inquiries were presumed to be Seacoast Helicopters even when the resident didn't see the helicopter. Several of the calls described a blue or black helicopter and Seacoast Helicopter only has red helicopters. There were 3 inquiries regarding fixed wing activities originating from Newmarket, Durham and Greenland. Two of the inquiries were about military aircraft flying after dark and the other is unknown.

**3. Bills for Legal Services – Sheehan Phinney Bass & Green, PA (April & May)**

In accordance with the "Limited Delegation to Executive Director: Consent, Approval and Execution of Documents and Expenditure of Funds for Legal Services," PDA paid the following bills to Sheehan Phinney Bass & Green, PA for services provided in the months of April and May:

<b>1.</b>	<b>Sheehan Phinney Bass + Green</b>	
	<b>Re: Tradeport – General Representation</b>	
	<b>Through April 30, 2017</b>	<b><u>\$2,025.88</u></b>
<b>2.</b>	<b>Sheehan Phinney Bass + Green</b>	
	<b>Re: CLF v. Pease</b>	
	<b>Through May 31, 2017</b>	<b><u>\$24,925.00</u></b>
<b>3.</b>	<b>Sheehan Phinney Bass + Green</b>	
	<b>Re: Division of Ports &amp; Harbors</b>	
	<b>Through May 31, 2017</b>	<b><u>\$300.00</u></b>
	<b>Total</b>	<b><u>\$27,250.88</u></b>
<b>4.</b>	<b>Bills for Legal Services – Kutak Rock LLP (April)</b>	

In accordance with the “Limited Delegation to Executive Director: Consent, Approval and Execution of Documents and Expenditure of Funds for Legal Services,” PDA paid the following bills to Kutak Rock, LLP for services provided in the months of April:

- 4. **Kutak Rock, LLP**  
**Re: CLF**  
**Through April 30, 2017** **\$11,070.76**

- 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 up to \$19,847.50 for the following legal services rendered to the Pease Development Authority:**

1.	Anderson & Kreiger LLP Through June 30, 2017	<b><u>\$ 346.50</u></b>	
			\$ 346.50
2.	Kutak Rock LLP Through June 30, 2017	<b><u>\$ 6,126.00</u></b>	
			\$ 6,126.00
3.	Sheehan Phinney Bass + Green PA Through June 30, 2017 Tradeport CLF	<b>\$290.00</b> <b><u>\$13,085.00</u></b>	
			<b><u>\$13,375.00</u></b>
<b>Total</b>			<b><u>\$19,847.50</u></b>

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

#### **XI. Division of Ports and Harbors**

Geno J. Marconi, Division Director, reported on the Division activities and the approvals sought before the board represent the current business at the Port.

##### **A. Reports**

###### **1. Morton Salt, Inc.**

Mr. Marconi reported that Morton Salt, Inc. has exercised an option to extend the License & Operating Agreement through June 1, 2018, for operations at the Market Street Terminal effective June 1, 2017.

##### **B. Approvals**

###### **1. Foreign Trade Zone Agreement/Contract Changes**

Director Lamson moved and Director Torr seconded that **the Pease Development Authority Board of Directors hereby approves of and adopts the reorganization of Zone Schedule for Foreign**

**Trade Zone No. 81 under the Alternative Site Framework (ASF) on substantially the same terms and conditions as the draft attached hereto subject to further review and edits as may be required by PDA's General Counsel and the Foreign Trade Zone Board.**

**Further, the Board authorizes the Division Director to take any necessary or recommended action in furtherance of this matter; all in accordance with the memorandum of Geno J. Marconi, dated August 2, 2017, 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. The Division did not anticipate the current interest level in the FTZ program and does not have staffing or resources to prepare an RFP without resulting in substantial delay in the application process;**
- 2. Foreign Trade Zone Solutions has a high level of expertise in the FTZ industry and has specific knowledge and understanding of the FTZ 81 operations which is not available to any other consultant; and**
- 3. Implementation of the ASF Framework in the most timely manner available will benefit companies seeking to utilize the FTZ program and is likely to result in benefits to all communities in the service area.**

**Note: This motion requires 5 affirmative votes. Discussion:** Mr. Marconi explained the background and scope of the project, beginning with an inquiry from a Londonderry area developer building a warehouse for UPS. The site was outside the designated site of the Manchester Airport and to do a minor boundary modification under the traditional framework, PDA had to identify 50 acres of similar property, and transfer that property with an application to the FTZ's board with US Customs and Border Patrol Control's consent. The 50 acres identified was an industrial park in Dover with a large number of owners in that park, all of which had to be notified. We also had to let the Dover Economic Development Department know the reasons for the notification to property owners. Most recently we had other inquiries like the one at Skyhaven Airport. Foreign Trade Zone Solutions are experienced in this area and have assisted DPH in pushing this project ahead. **Disposition:** Resolved by unanimous roll call vote; motion carried.

## **2. NH DOT -- Functional Replacement – Barge Dock**

Director Torr moved and Director Preston seconded that **The Pease Development Authority Board of Directors hereby authorize the Executive Director to complete negotiations with New Hampshire Department of Transportation ("NH DOT") on terms and conditions substantially similar to those set forth in the draft Project Agreement, attached hereto, and contingent upon the Capitol Budget Overview Committee authorizing the Division to expend funds from the Port Expansion Fund ("PEF"), which will be reimbursed by FHWA; and in accordance with the memorandum of Geno J. Marconi, Division Director, dated August 1, 2017 attached hereto. Discussion:** Mr. Marconi explained that this is a project that DPH has been working on for over three years. Due to the relocation and realignment of the Sarah Long Bridge, DPH has lost the functional use of the Barge Pier. The Federal Highway Administration ("FHWA") has agreed to give DPH a functional replacement (see graphic in board package). **Disposition:** Resolved by unanimous vote for; motion carried.

### 3. Pier Expansion Fund – Functional Replacement – Barge Dock

Director Preston moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorize the Executive Director to seek authorization from the Capitol Budget Overview Committee (“CBOC”) to expend not more than \$1,773,028.00 from the Port Expansion Fund (“PEF”) for the purpose of conducting Design, Engineering and Permitting of the Functional Replacement of the Barge Dock at Market Street Terminal all in accordance with Chapter 351:5, Laws of 1991, amended by Chapter 2, Laws of 2013, and contingent upon execution of the Project Agreement with New Hampshire Department of Transportation; and in accordance with the memorandum of Geno J. Marconi, Division Director, dated August 1, 2017 attached hereto.** Discussion: Mr. Marconi explained that the functional replacement for the design, engineering and permitting is a reimbursement from FHWA. DPH will pay the bill and submit a request to the CBOC for reimbursement back to the fund. The agreement, funding and design project are all tied together. Disposition: Resolved by unanimous vote for; motion carried.

### 4. Appledore Marine Engineering, LLC – Functional Replacement – Barge Dock

Director Bohenko moved and Director Preston seconded that **The Pease Development Authority Board of Directors hereby authorize the Executive Director to approve the proposal from Appledore Marine Engineering, LLC for the purpose of conducting design, engineering and permitting work for the Barge Dock Functional Replacement Project provided in the attached proposal and contingent upon the following:**

- **Approval and execution of the Functional Replacement Agreement with NH DOT**
- **Authorization by the Capitol Budget Overview Committee to expend funds from the Pier Expansion Fund, to be reimbursed by the Federal Highway Administration;**

**all in accordance with the memorandum of Geno J. Marconi, Division Director, dated August 1, 2017 attached hereto.** Discussion: Mr. Marconi explained that up until the June Board meeting, we had a one-year extension on their contract. Because this was a federal project, DPH was required to do an RFP. We received an Independent Government Estimate for what the project would cost with a breakdown for each category and the cost was within the guidelines. NHDOT accepted the estimate.

Director Allard asked for a picture of the project and Mr. Marconi showed the sketch provided in the packet explaining the details of the project, where expansions take place, the placement of the Sarah Long Bridge project, what the functional replacement of the barge dock entails, including dredging, installing a fender system and an alteration of terrain for traffic. Mr. Marconi reported that it will take about a year for the design and permitting and it will be between a year and a year and a half before construction. In response to Director Allard’s question of why DPH is not filling in the hole on the main pier, Mr. Marconi reported that the FHWA looked at it and determined it would be an improvement and not a functional replacement. In response to Director Allard’s question of how much it would cost to fill in the hole, Mr. Marconi estimated \$3 million. Director Lamson commented the site investigation by Appledore is going to have a lot to do with the filling and the geo technical explorations of where the pilings are going. Mr. Marconi explained that is not this project but that project is 96% designed and 100% permitted as of today and we would need to go through the NEPA process for federal funding of that project. Vice-Chairman Loughlin commended Mr. Marconi and staff for their hard work for all of the



gymnastics required to pull it all together. Director Preston commented that Mr. Marconi is very well respected in Concord and that he is an asset when he goes there. Disposition: Resolved by unanimous vote for; motion carried.

**XII. New Business**

There was no new business.

**XIII. Upcoming Meetings**

Vice-Chairman Loughlin reported that the following meetings will be held:

Board of Directors      September 21, 2017

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

**XIV. Directors' Comments**

Director Lamson thanked the PDA staff, particularly Maria Stowell and Lynn Hinchee, for the work done on the Town of Newington projects.

**X. Non-Public Session**

Director Bohenko moved and Director Lamson seconded that **The Pease Development Authority Board of Directors will enter non-public session pursuant to:**

1. **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; and**
2. **NHRSA 91-A:3, Paragraph II(d) for the purpose of discussing the acquisition, sale or lease of property. Note: Roll Call Vote**

Discussion: None. Disposition: Resolved by unanimous roll call vote for; motion carried. The Board entered into non-public session at 9:05 a.m. The Board returned to public session at 10:05 a.m.

**XV. Vote of Confidentiality**

Director Allard moved and Director Torr 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 August 10, 2017 meeting related to:**

1. **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 for; motion carried.

**XVI. Adjournment**

Director Allard moved and Director Torr seconded to **adjourn the Board meeting**. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried. Meeting adjourned at 10:08 a.m.

**XVII. Press Questions**

No members of the press attended the meeting.

Respectfully submitted,



David R. Mullen  
Executive Director