

**PEASE DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
MINUTES (Revised)**

Thursday June 21, 2018

Presiding: Kevin H. Smith, Chairman
Present: Peter J. Loughlin, Vice Chairman; Robert A. Allard, Treasurer; John P. Bohenko;
Margaret F. Lamson; Neil Levesque and Franklin G. Torr
Attending: David R. Mullen, Pease Development Authority (“PDA”) Executive Director; Lynn
M. Hinchee, PDA Deputy Executive Director and General Counsel; PDA staff
members; members of the public.

I. Call to Order

Chairman Smith called the meeting to order at 8:45 a.m. in the Board conference room on the Pease International Tradeport at 55 International Drive, Portsmouth, New Hampshire.

II. Acceptance of Minutes: May 17, 2018

Director Allard moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby accepts the minutes of the May 17, 2018 Board meeting.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

III. Public Comments

There were no public comments.

IV. Old Business

There was no old business.

V. Recognitions – Service Credit Union Donation

Paul Brean, Airport Director, explained Service Credit Union had a conflict but a \$2,000 donation to PDA from Service Credit Union will be used for a VIP lounge for service members.

Mr. Brean introduced Michelle Saccoccia from Service Credit Union who gave a presentation of the origin of the donation. Mr. Brean met Ms. Saccoccia at PSM and discussed future endeavors for improvements at PSM. When Mr. Brean suggested a device room for service members and civilians, Ms. Saccoccia asked to be considered first as a corporate sponsor. Ms. Saccoccia presented the check to Mr. Brean. Mr. Brean stated that the troops go through about a pallet of water a week and Service Credit Union will also support that.

VI. Golf Committee

Director Bohenko, Golf Committee Chairman, reported that the Golf Committee met on June 14, 2018 and introduced the patio design. Scott D. DeVito, General Manager of the Pease Golf Course (“Golf Course”), gave a quick overview outlining the proposed design, the functionality and what the impact would be and will there be any investment needs in the kitchen.

A. Reports

1. Clubhouse and Dining Room Enhancements

Mr. DeVito reported that Phase II of the dining room enhancements are complete with new carpeting, flooring, lighting, mats and artwork. The Golf Course has seen a general uptick in the regular customers coming into the restaurant.

2. Golf Event Bookings

Director Bohenko called attention to the Golf Event Bookings in the packet for review, stated it was an impressive schedule and is a revenue generator.

Director Lamson commended the Golf Committee and Mr. DeVito for their work over the years.

B. Approvals

1. Patio Canopy Design

Director Torr moved and Director Allard seconded that **In accordance with the recommendation of the PDA Golf Committee, the PDA Board of Directors approves of and authorizes the Executive Director to execute a contract for design services with PDA's retained architectural firm (to be determined) in an amount not to exceed \$20,000.00; all in accordance with the memorandum from Scott D. DeVito, General Manager, dated June 6, 2018, attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

2. Turf Products, Inc. – Greens Mowers and Trim Mower

Director Loughlin moved and Director Lamson seconded that **In accordance with the recommendation of the PDA Golf Committee, the PDA Board of Directors approves of and authorizes the Executive Director to execute a contract with Turf Products, Inc. at a cost of \$110,512.74 for the purchase of two Toro brand greens mowers and one trim mower; all in accordance with the memorandum from Scott D. DeVito, General Manager, dated June 6, 2018, 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:

- (1) all four of the current triplex mowers and the two trim mowers are Toro brand;**
- (2) purchase of the Toro brand for the new equipment will allow use of the \$6,000-\$8,000 worth of current Toro inventory on hand; and**
- (3) bids from Turf Products, Inc. were the only ones received during the last several replacement cycle bids.**

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

VII. Finance Committee Report

Irv Canner, PDA Finance Director, reported that the Finance Committee met on June 14, 2018 to review the status of PDA finances.

A. Financial Reports

1. Operating Results for Ten Month Period Ending April 30, 2018

Mr. Canner reported that the trends continue, operating revenues are 2% higher while the operating expenses are slightly higher than budget by just under 1%. The driver for revenues are fee revenues at \$231,000 over budget. Concession revenues were 30% over budget at \$86,000. The operating expenses are over budget, and the one line item that is over budget is personnel services and benefits which is directly tagged to overtime in support of the wharfage and dockage activity as well as the enplanement activity at the Portsmouth International Airport at Pease (“PSM”) and the associated fringe benefits on that labor.

Mr. Canner discussed the end of the current fiscal year and reported that the month of May was closed out. The operating revenues are a little higher and operating expenses are pretty much at a break even standpoint. There are a couple of entries that will need to be made in June with the most dominant one being the post-retirement health care benefits.

Mr. Canner reported that the external auditors were in last week scheduled for five days but completed the audit in three days. The results was “good interim audit” with no audit findings. The auditors will be in on June 29 to begin the physical inventory for year end.

Mr. Canner discussed staffing. Currently there are 59 filled benefitted positions and one open staff position in the Maintenance Group. In response to Director Lamson’s question regarding the number of positions at PDA, Mr. Canner stated PSM has five people and two in Maintenance. The incremental staffing for the seasonality is 80 people total.

Mr. Canner reviewed the Balance Sheet, discussing cash balances at the end of April in the amount of \$6.5 million which is \$2.5 million greater than the end of the last fiscal year. The driver is the operating income from the income statement, revenue minus expenses, at \$2.6 million which includes the decrease in the accounts receivable balance of \$800,000. Mr. Canner stated that, through the first 10 months, PDA spent approximately \$4.9 million in capital. The primary effort is at PSM with \$3.5 million as well as finishing up the taxiway and drainage activities at Skyhaven Airport (“DAW”).

Mr. Canner reported that the number of enplanements at PSM is ahead of where last May by 17%. The passenger count this year is just over 112,000.

Mr. Canner reported that the Golf Course operating revenues are 9% above budget at \$1.9 million while keeping operating expenses were up by 4%. The Golf Course had a 45% net increase in its operating income. On average, for every dollar that comes into the Golf Course, \$.14 is profit. In response to Director Lamson’s suggestion regarding the consumption of electric, Mr. Canner responded the cumulative KWH for the year is about 2.8 million. PDA has an existing contract that with a price of \$.058 per KWH and today’s price would be over \$.06. The contract expires the end of October and PDA expects to do a full RFP. The rounds of golf played are ahead by 14% from where we were last year with just over 11,000 rounds of golf played. Grill 28 is 6% ahead of last year at this time in sales and go over \$1.7 million gross sales for the fiscal year.

Mr. Canner discussed the Division of Ports and Harbors (“DPH”) had operating revenues of \$110,000 above budget due to wharfage and dockage being \$165,000 over budget. DPH operating expenses are only up by \$30,000.

2. Nine Month Cash Flow Projections to February 28, 2019

Mr. Canner reported that, during this period, PDA will be spending just over \$9 million in capital, primarily expansion and new roof at PSM for just over \$5 million of activity. The amount in PDA cash flow is \$5.3 million. Projects are getting finished at DAW and a snow plow will be purchased for \$500,000. PDA will need to borrow from the Revolving Line of Credit ("RLOC") by about \$1 million in the January and February timeframe. The cash balances today is \$5.9 million will close out around \$1 million which is the level of working capital PDA needs to support. In response to Director Levesque's question regarding the degree of debt, Mr. Canner responded that, by FY2020, will be close to \$4 million, assuming a 5% interest rate in that time period. Today the cost of money is about 4.7%. PDA will be fully out of debt by the beginning of FY2021, including the City of Portsmouth debt. The RLOC becomes due in December and PDA is meeting with representatives at Provident Bank to discuss this.

In response to Director Lamson's question about the dollars in the expenditures for vegetation, Mr. Canner stated this amount is included in the construction mitigation money. In response to Director Lamson's question whether PDA received reimbursement of grant money for the tree replacement, Ms. Stowell and Mr. Canner reported that the \$15,000 expenditure is proposed for July.

B. Approvals

1. FY 2019 Operating Budget and FY 2020-FY2022 Forecast

Director Lamson moved and Director Loughlin seconded that **In accordance with the recommendation of the PDA Finance Committee, the PDA Board of Directors hereby approves of and accepts the proposed FY2019 Operations and Maintenance ("O&M") Budget and FY 2020 - FY 2022 O&M Forecast; in accordance with the presentation from Irving Canner, PDA Director of Finance.** Discussion: Mr. Canner called attention to the Executive Overview section of the O&M. The projection for operating revenues is just over \$15 million which is an increase of close to 5.5% from what was projected end of FY18. Some of the reasons for the \$575,000 increase are the pay for parking at PSM for \$7.00/day and assumes a 25% fill rate on a maximum of 961 spaces. Fuel flowage fees will be introduced in July of this year at \$.02/gallon. These two items represent 3.4% of new revenue streams. The assumed increase for CPI for tenants will be 2% adding another \$290,000 into the revenue stream. Without the fuel and pay for parking fees, the net increase from revenues from FY18 would be 2%.

Mr. Canner stated that the operating expenditures will be an overall increase of 9% or just over \$1 million. Litigation support and environmental mitigation are two significant line items. The net operating expenses would be 3.6% without these two items. The interest expense will be \$132,000. The assumption of interest rate will be 5%.

Mr. Canner discussed the operating revenues detail and identified revenue from major tenants. Mr. Canner stated that revenues from the Golf Course would place it in the top five with an average of net revenues of \$465,000.

There is no change in staffing planned for the PDA with 60 benefitted positions and with the anticipated non-benefitted, seasonal employees at close to 50,000 labor hours during the year. The personnel services and benefits expenditure projections include a decrease in the benefit program from the FY18 booking a post retirement adjustment of close to \$500,000. In FY19, the figure will be \$100,000 for the current year expense.

Chairman Smith noted that a New Business agenda item will be added at the end of the meeting to talk about PDA Finances 101 for those who are interested.

Disposition: Resolved by unanimous vote for; motion carried.

VIII. Leases

A. Approvals

1. Farley White Pease, LLC – 90 Arboretum Drive

Director Allard moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to complete negotiations with Farley White Pease, LLC and to execute a new lease for the premises located at 90 Arboretum Drive and 100 Arboretum Drive, on terms and conditions substantially similar to those set forth in the draft Letter of Intent dated July 14, 2018, attached hereto.** Discussion: Director Lamson complimented Farley White and the PDA staff for their negotiations and that Farley White does an excellent job with landscaping. Ms. Hinchee noted for the record that, for this transaction, but for the work by Chairman Smith, the Governor’s Office and staff with the FAA to get the FAA to agree and understand the importance to the economic benefits to have longer term leases, this deal would not have been completed. Farley White has come to PDA before but PDA was unable to give Farley White the length of term they wanted. Disposition: Resolved by unanimous vote for; motion carried.

IX. Signs

A. Approvals

1. Wentworth-Douglass Hospital – 73 Corporate Drive

Director Levesque moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby approves of the proposed sign for Wentworth-Douglass Hospital at its facilities located at 67, 73 and 121 Corporate Drive; all in accordance with the memorandum of David R. Mullen, Executive Director, dated June 14, 2018, attached hereto.** Discussion:

Dan Dunn from Wentworth-Douglass Hospital (“WDH”) and Craig Moore from Barlo Signs (“Barlo”) was in attendance. Mr. Dunn stated that, after the May Board meeting, WDH went back to work with staff at Barlo and reduced the directional signs by approximately 38%. WDH also went back and looked at the road sign on the way in from Corporate Drive to start the concept of a campus with A, B and C, directional signs for parking flows and WDH believes the reduction is in line with the spirit the Board is asking for. WDH also looked at the sign on the main building, the height of the building, location from the center point of Route 16 and the average speed of cars. WDH believes the sign needs to be the proposed size so the public can see “Wentworth-Douglass Hospital at Pease A MassGeneral Community Hospital.” WDH worked with PDA staff and Barlo staff and considering the needs of hospital patients. WDH will be moving practices from building B to building A with the concept of a long-term simplified system of getting their patients to the proper location for services.

Vice-Chairman Loughlin sent a letter to the Board of Directors discussing the signage. Vice-Chairman Loughlin expressed his appreciation to WDH for reducing the directional signs from 11’ high to 7’ high but most ordinances restrict directional signs to 4 s.f. maximum, and questions why a building directional sign has to be 35 s.f. WDH Dover campus directional signs are very attractive and are about 2 s.f./4 s.f. Vice-Chairman Loughlin stated that he is opposed to setting a precedent and gave examples of signs by other tenants that are not oversized, such as Two International Group and Farley White. The requirement for 25 years for building signs has been 200 s.f. and the proposed building sign for WDH building is 319 s.f. which is standard billboard size, and Vice-Chairman Loughlin feels the building sign is

essentially a billboard. Also of concern is the PDA Tradeport branding. The building sign is more of an issue for Vice-Chairman Loughlin than the directional signs.

In response to Director Lamson's question whether WDH worked with PDA regarding the sign size, Mr. Dunn responded that WDH worked at length with the staff and feels that PDA staff supports the proposed signs. There are three buildings on three pieces of property and each one could have 200 s.f. so the signage proportionately where they would need to locate it for the patients to be able to find the campus and the buildings.

Director Bohenko stated he is in full support of Vice-Chairman Loughlin's position and will vote no the proposed signs.

Mr. Moore stated that a consideration is the setback of the building from a sign perspective. An analysis was done from the Spaulding Turnpike, the average viewing distance is 215 feet with traffic traveling at 55 m.p.h. The background of the building sign was designed so it matches the building and what WDH looks at is the overall size of the letters within the distance and speed. Mr. Moore stated that Vice-Chairman Loughlin was correct on the ordinance as pertains to the directional signs out on the major roadway. The requirements change when entering private property or campus as in this case and there is no restriction on size because the sign is used as internal signage and has a separate section of the ordinance for that and applied to internal use with no branding or advertisements on them.

Director Levesque stated he will vote for the signage because he believes dealing with a hospital is different situation than a brewery due to additional anxiety with going to a medical facility and want good direction. Some people show up a day before so they know where they are going comes because there is so much anxiety.

In response to Director Bohenko's question whether Director Levesque would approve the sign if it was smaller because the proposed sign does not help people in any way; it is not directional and it has no exit number on the sign, Mr. Dunn stated it is a directional sign and directs people into the complex. It is where WDH at Pease is and the words on the sign acknowledges and make people aware of where to come into the complex and orientated to where to get onto the campus. Vice-Chairman Loughlin stated that every person coming to WDH at Pease, there are numerous signs up and down the Spaulding Turnpike for Pease Tradeport so they are going to get onto Pease and the proposed sign is strictly advertising in his opinion and is not needed nor helpful to get people to the building.

Disposition: Resolved by roll call vote: 5 for and 2 against (Vice-Chairman Loughlin and Director Bohenko); motion carried.

2. Redhook of New Hampshire, Inc. – 35 Corporate Drive

Director Bohenko moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby approves of the proposed replacement sign, container bar and bandstand for Craft Brew Alliance, Inc. at 35 Corporate Drive; all in accordance with the memorandum of Maria J. Stowell, Engineering Manager, dated June 13, 2018, attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

X. Executive Director's Reports/Approvals

A. Reports

1. Water Treatment Plant Improvement Update

Ms. Stowell reported that the work on the water treatment plant is part of the remediation efforts to clean up the PFAS compounds in the water at Pease. In April, Ms. Stowell reported to the Board the USAF efforts to treat the water. The work on Grafton Drive is being managed by the City of Portsmouth and will be bid out. Work may not start until 2019. There will be some external changes to the building being expanded and there will be some yard changes. Because this is a federal project being funded by the federal government, PDA's Land Use Controls will not apply and the Board will not see approvals for this project.

2. Golf Course Operations

Scott DeVito, General Manager, reported that since the changes when the clubhouse came into play in 2010 and the parking lot a few years later and then the renovation to the golf course itself in 2010-2011, the average number of rounds of golf played 45,000-46,000 and now the average is over 53,000 on a regular basis and on pace to hit 56,000. Mr. DeVito thanked Tim Reise who deals with customer service and EJ Chea who takes care of the Golf Course.

2. Airport Operations

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

a. PSM

The month of May saw a record number of enplanements at 17,446. The number of people through the terminal for one month average 35,000. There were 2,318 leisure travelers that were Allegiant passengers and 15,128 troops came through the terminal in May.

Car rentals concessions increased over last year by 166%. To put the concession revenue in perspective, for 2016 revenue was \$180,000, 2017 was \$460,000 and 2018 will see an uptick. Mr. Brean met with senior staff at Allegiant this past month. Allegiant has a commitment to phase out the old MD80 by fall.

b. Skyhaven Airport

Mr. Brean commended Andrew Pomeroy, Airport Operations Manager, for the Wings & Wheels community outreach program. DAW is at hangar capacity currently.

c. Noise Line Report

There were a total of 10 noise inquiries at PSM during the month of May. There were nine inquiries regarding rotor activities. One Miller Avenue resident made four inquiries pertaining to Seacoast Helicopters. One call from a Dodge Avenue resident concerning an aircraft doing work at Portsmouth Hospital. There were two calls from a Ruth Street address to report regarding Seacoast Helicopter tours and one call from Welsh Cove reporting a Seacoast Helicopter tour helicopter flying eight times over his residence and, after review, determined that aircraft was not in the traffic pattern. There was one inquiry regarding fixed wing activities from one Durham resident regarding one USAF Boeing 747 working the pattern.

In response to Director Allard’s question about the timeframe for NHANG getting its new plans, Mr. Brean responded that Boeing is back ordered but beginning 2019-2020 a plane will be delivered every 4-6 weeks.

Vice-Chairman Loughlin clarified that the 10,000 enplanements mentioned was per year not per month.

In response to Chairman Smith’s question regarding whether the City of Portsmouth sees any benefit from the registration fees for the rental cars, Director Bohenko responded he was not sure where the corporate offices register the vehicles. Chairman Smith stated that by statute the vehicles must be registered where the cars are housed.

B. Approvals

1. Bills for Legal Services

Director Allard moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to expend funds up to \$28,672.55 for the following legal services rendered through April 30, 2018 for the Pease Development Authority:**

1.	Anderson & Kreiger, LLP	<u>\$4,257.55</u>	
			\$4,257.55
2.	Kutak Rock LLP		
	CLF	\$1,066.00	
	General	<u>\$984.00*</u>	
			\$2,050.00
3.	Sheehan Phinney Bass + Green		
	CLF	<u>\$22,365.00</u>	
			<u>\$22,365.00</u>
	Total		<u>\$28,672.55</u>

*The balance will be paid by the City of Portsmouth. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

2. Vogel Vending – Concession Agreement

Director Loughlin moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to complete negotiations and to execute a Concession Agreement with Vogel Vending to provide ATMs at the Pease Golf Course and the Portsmouth International Airport at Pease for a period of three years until June 30, 2021; all on the same terms and conditions set forth in the memorandum of Andrew B. Pomeroy, Airport Operations Manager, dated June 14, 2018, 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:

- a. **The Concession Agreement fixed annual fees are diminutive totaling \$1,200 annually;**
- b. **Historically, there has been little or no interest by local financial institutions to install ATMs at the terminal and golf course due to limited use; and**
- c. **The cost of the RFP process would significantly reduce the net revenue received.**

Note: 5 Affirmative votes required. Discussion: None. Disposition: Resolved by unanimous roll call vote for; motion carried.

3. A&B Vending Co., Inc. – Concession Agreement

Director Lamson moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to complete negotiations and to execute a contract with A&B Vending Co., Inc. for a period of three years beginning July 1, 2018; all on the same terms and conditions set forth in the memorandum of Paul E. Brean, Airport Director, dated June 13, 2018, attached hereto.** Discussion: Director Lamson thought it interesting that A&B Vending comes from Canterbury and PDA gets 20% of its gross revenues. Disposition: Resolved by unanimous vote for; motion carried.

4. Great Circle Catering – Concession Agreement

Director Bohenko moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to complete negotiations and to execute a Concession Agreement with Great Circle Catering for a period of three years and to include two one-year options to extend, exercisable at the Executive Director's sole discretion; all on the same terms and conditions set forth in the memorandum of Paul E. Brean, Airport Director, dated June 14, 2018, 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 current level of limited air passenger service at Portsmouth International Airport at Pease.

Note: 5 Affirmative votes required. Discussion: None. Disposition: Resolved by unanimous roll call vote for; motion carried.

5. NHDOT – AIP Grant for Aircraft Rescue and Fire Fighting Training Facility

Director Levesque moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to accept AIP funds for Phase 1 Design Only – Upgrade Fire Trainer Burn Pit at the NH Fire Training Academy; all in accordance with the memorandum from Maria J. Stowell, Engineering Manager, P.E., dated June 13, 2018, attached hereto.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

6. Transportation Infrastructure Improvement Fee

Director Torr moved and Director Lamson seconded that **In accordance with the memo from David R. Mullen, Executive Director, dated June 15, 2018, the Pease Development Authority Board of Directors hereby approves the reversal of its policy of assessing a contractual Transportation Infrastructure Improvement Fee (“TIIF”) obligation in tenant leases and suspension of the implementation of any TIIF.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

7. Martineau Electric – On-Call Electric Contract

Director Bohenko moved and Director Loughlin seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to complete negotiations and to execute a contract with Martineau Electric for a period of three years with two one-year options**

to extend at the sole discretion of the Executive Director, beginning July 1, 2018; all on the same terms and conditions set forth in the memorandum of Paul E. Brean, Airport Director, dated June 15, 2018, attached hereto. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

8. Equine Architectural Products, Inc. – ROE Extension

Director Torr moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute an extension to the Right of Entry with Equine Architectural Products, Inc. for use of a portion of the former bulk fuel storage area located at 119 Arboretum Drive. The Right of Entry is extended retroactively from May 22, 2018 and will be extend through December 31, 2018; all in accordance with the Extension of Right of Entry dated June 19, 2018, attached hereto. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.**

XI. Division of Ports and Harbors

Geno J. Marconi, Division Director, reported on Division activities, and the approvals sought before the Board represent the current business at the Division of Ports and Harbors (“DPH”).

A. Reports

1. Port Advisory Council

Mr. Marconi reported that the Port Advisory Council (“PAC”) met on June 6, 2018 and that the approved minutes of the May 9, 2018 meeting are included for the Board’s information. Mr. Marconi reported to the PAC that work on the functional replacement has begun. The environmental people are doing test borings. The EPA has required additional test borings 6” layer under the pavement; a change order was received by the engineers and sent to NHDOT for approval; soil samples are very time sensitive. The project is underway for geotechnical studies and soil testing. McFarland-Johnson, who is doing the permitting, met yesterday with NH DES wetlands staff and National Fishery Service and others involved in the wetland permitting.

2. Eastman’s Fishing Fleet, LLC dba Eastman’s Party Fishing – ROE

Mr. Marconi reported that in accordance with the “Delegation to Executive Director: Consent, Approval and Execution of Charter Boat Right of Entry,” Mr. Mullen approved the ROE for Eastman’s Fishing Fleet, LLC dba Eastman’s Party Fishing. Mr. Marconi explained that this ROE is because there has been problems with the sands filling in the harbors at Seabrook and Hampton Harbors and, in the event Mr. Eastman cannot return to his dock in Seabrook during low tide he could dock at Hampton.

3. Commercial Use Mooring Transfers

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	No. 7383	Commercial Charter	05/11/18
Transferor:	Charles A. Lamprey, Jr.		
Transferee:	Zacharie Clifford		

	<u>Permit</u>	<u>Business</u>	<u>Approval</u>
Rye Harbor	No. 902	Commercial Charter	06/08/18
Transferor:	Island Cruises, Inc.		
Transferee:	David R. Wilich		

4. Rye Harbor Winter Storm Damage

Mr. Marconi reported that there is a total to date of \$19,000 in repairs to Rye Harbor due to winter storm damage. The NHDES required new plans which totaled \$3,500 which is not included in the \$19,000. There were repairs to the shore line which were done immediately. Governor Sununu asked for a declaration for a seacoast emergency and there may be FEMA reimbursement.

5. BUILD Grant Application

Mr. Marconi reported that on June 7, 2018 the DPH applied for a grant under the INFRA program which gave \$1 billion in grants to 28 projects. DPH did not get the grant. There is a BUILD grant program available. This is a takeoff of the TIGER grants. DPH asked Appledore Marine Engineering, LLC (“AME”) to provide a proposal to revise the rehabilitation and modification project. The applications are due July 19th. The DOT website said it will be announced in December and if DPH does not receive financial assistance for this from federal DOT, then funds on hand will be used for repairs. The latest condition survey from the consulting engineers shows some increased deterioration since the last report was done.

B. Approvals

1. Pda 300 Rules – Re-adoption

Director Bohenko moved and Director Allard seconded that **The Pease Development Board of Directors hereby approves the re-adoption to Administrative Rules Pda 300 PORT CAPTAINS, PILOTS AND PILOTAGE.**

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, Division Director, dated June 7, 2018, attached hereto. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

2. Craig Schreck dba Hampton Beach Parasail – ROE

Director Lamson moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby approves of and consents to the Right of Entry (“ROE”) with Craig Schreck dba Hampton Beach Parasail (“Schreck”) for the use of an existing building for the purpose of ticket sales and paddle board operations. The ROE will become effective after Schreck meets all requirements and will be effective through June 20, 2018; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated June 18, 2018, attached hereto. Discussion: Vice-Chairman Loughlin questioned the date on the motion and whether it should be June 18, 2019 instead of June 18, 2018. Disposition: Resolved by unanimous vote for; motion carried.**

3. Appledore Marine Engineering, LLC – Planning Services for Main Wharf

Director Levesque moved and Director Torr seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to approve of the proposal from and execute a contract with Appledore Marine Engineering, LLC (“AME”) for the purpose of providing planning services associated with the preparation of a grant application for the rehabilitation of the Main Wharf at the Market Street Marine Terminal facility in an amount not to exceed \$12,985.00; all in accordance with the Memorandum of Geno J. Marconi, Division Director, dated June 19, 2018, and AME’s proposal, both of which are attached hereto.**

Further, the Pease Development Authority Board of Directors approves of submitting a request to the Capital Budget Overview Committee (“CBOC”) to release funds to cover this expense from the Port Expansion Fund or, in the alternative, from the operating budget of the Division of Ports and Harbors if funds are not released by the CBOC. Discussion: Mr. Marconi provided a report above on this project. Disposition: Resolved by unanimous vote for; motion carried.

Director Lamson complimented Mr. Marconi on how well done the USS Manchester Commissioning event was. Mr. Marconi said that Deputy Harbormaster, Grant Nichols, took the lead on this event and all of the credit goes to him for its success. Chairman Smith expressed his appreciation for the invitations to the Directors for the events and stated it was a spectacular event to have in Portsmouth.

XII. Special Events

A. Reports

Mr. Mullen, reported that the NHANG will hold its annual Pease Minuteman Fund 7k Road Race on July 22. They have held this event for the past several years and use a portion of Arboretum Drive for the race.

XIII. New Business

Moved to the end of the regular Board meeting.

XIV. Upcoming Meetings

Chairman Smith reported that the following meetings will be held:

Golf Committee	August 13, 2018
Finance Committee	August 13, 2018 @ 8:30 a.m.
Board of Directors	August 16, 2018

All meetings begin at 8:00 a.m. unless otherwise posted.

Ms. Hinchee stated that a date needs to be set in July for the Board to take action on two items: (1) a recommendation from the Technical Review Committee on Seacoast Helicopters and (2) the terminal expansion program. Ms. Hinchee is recommending August 2, 2018. PDA would like to have the entirety of the entire Board present when sitting in a quasi-judicial capacity such as a planning board. There may also be required five affirmative votes on motions. There was discussion to select a time to start the meeting on August 2. Ms. Hinchee cautioned the Board that this will be a public hearing and that the Board may hear the highest number of public comments and the meeting could be potentially lengthy.

XV. Directors' Comments

There were no Directors' comments.

XVI. Non-Public Session

Director Allard moved and Director Bohenko 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 discussion 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; and**

Note: Roll Call Vote Required. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried. The Board entered into non-public session at 10:12 a.m. The Board returned to public session at 10:45 a.m. *Note: Director Bohenko left the meeting at 10:45 a.m.*

XVII. Vote of Confidentiality

Director Loughlin moved and Director Lamson 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 June 21, 2018 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 roll call vote: 6 for; motion carried.

XVIII. Licenses/ROE/Easements/Rights of Way/Options

A. Approvals

1. **Two International Group – 100 New Hampshire Avenue – Option Extension**

Director Torr moved and Director Loughlin seconded that **The Pease Development Authority Board of Directors, having determined that Two International Group has met the requirements set forth in the Option Agreement and Term Sheet effective February 1, 2018 (the "Option"), authorizes the Executive Director to extend the Option with Two International Group, LLC for the premises located at 100 New Hampshire Avenue (the "Premises"), beginning August 1, 2018, for a period of six months at a fee of \$72,600.00.**

Having determined that it is sufficiently likely a Lease Agreement for the premises will be executed prior to the expiration of the Option extension granted herein, no provision is required for any additional extension. Discussion: None. Disposition: Resolved 6 votes for; motion carried.

2. Summit Land Development, LLC – 160 Corporate Drive – Option Extension

Director Levesque moved and Director Torr seconded that The Pease Development Authority Board of Directors authorizes the Executive Director to extend the Option Agreement (the “Option”) with Summit Land Development, LLC for the premises located at 160 Corporate Drive (the “Premises”), beginning August 1, 2018, for a period up to six months at a fee of \$28,611.00 for each three month period.

Having determined that it is sufficiently likely a Lease Agreement for the premises will be executed prior to the expiration of the Option extension granted herein, no provision is required for any additional extension. Discussion: None. Disposition: Resolved 6 votes for; motion carried.

XIII. New Business

Chairman Smith opened up the discussion regarding PDA Finances 101 by asking about surpluses in PDA’s finance structure as opposed to a municipality. Mr. Canner explained that PDA’s surplus would be operating revenue minus expenses.

Mr. Canner provided an overview of the structure of finances. PDA has unrestricted funds and the DPH has general unrestricted funds as well as restricted funds. PDA supports the airport, there are business units set up generating operating income. Under the stockholder equity position section on the balance sheet, the restricted funds are shown, such as Harbor Dredging Fund, Revolving Loan and Foreign Trade Zone. There are separate balance sheets set up for these. There are separate balance sheets for the DPH unrestricted funds and then the PDA. The cross charging is for limited work done for DPH. That money is then charged back to the DPH.

PDA operates more on a cash flow basis and is self-sufficient from the State except for DPH. DPH goes to CBOC for capital project funding or gets funds from appropriation. The DPH restricted funds must be kept separate from its unrestricted funds.

Mr. Mullen stated that PDA’s challenge is that expenses are going up 6-8% a year and the revenues are only going up 2% a year because of CPI caps. The exception is for anything new that can be created such as pay for parking and fuel flowage fees. Mr. Canner stated that the margins are getting thinner.

Mr. Canner reported that the CIP budget will be \$60 million over the next 6-7 years. There is a payment timing difference with grant related funds. PDA has to pay the money and then seek reimbursement. The RLOC is a resource to accommodate those needs to continue projects while waiting for reimbursement. Some of the other capital improvement projects, such as roundabouts, is close to a \$10 million obligation. The State originally provided PDA some capital improvement money and there is about \$13.9 million in the original appropriation which could potentially be a resource to help fund some of the more significant projects.

Mr. Canner discussed staffing, that PDA is always looking for opportunities where a service could be outsourced or insourced. The 57% number for salaries and wages starts to squeeze. The pension number is something the State provides in arrears and last was a bad year for the stock market where a 7% growth was assumed which didn’t happen. The market in 2017 was a good market and we should see about \$500,000 savings in our liability which has to be split between DPH and PDA.

The DPH came on our books in 2001 and DAW in 2009. DAW had \$100,000 debt which came with it and, cumulatively, that obligation has taken approximately \$1.6 million of consolidated Pease money.

In response to Vice-Chairman Loughlin's question regarding the "takeaway" number for the Tradeport on expenses versus income, Mr. Canner stated the Tradeport FY19 \$8.6 million in revenue, \$800,000 in expenses so the net is \$7.8 million in excess revenues. Mark Gardner, PDA Deputy General Counsel, pointed out that figure is misleading; these figures cannot be looked at in isolation because the big picture is the money made on the Tradeport goes to keeping the airport property going. In response to Vice-Chairman Loughlin's question of, excluding the DPH, what is the yearly breakdown, Mr. Canner reported the PDA has a starting point of approximately \$3.5-\$4 million for net operating income number. To that, PDA challenges itself for available money to compete with four capital projects. Taking the total PDA operation, including the administrative support of legal, engineering, finance and maintenance that don't have revenue streams, it's that \$3.5-\$4 million of cash flow that we talk about. Then look at the non-grant related capital project that compete for that dollar every year. If there is not enough, the RLOC is dipped into on a temporary basis which is happening as PDA looks out over the next 12 months to project PDA funding obligation to the terminal. That number could be as high as \$12 million. In working out the funding between PDA and FAA, there is proposed a \$12 million spread.

In response to Director Lamson's question of whether PDA takes depreciation into consideration, Mr. Canner stated it does have to be shown, which is about \$5 million. Wherever CPI is, it is the revenue driver. In response to Chairman Smith's question regarding the net operating income for the Tradeport of \$7.1 million, excluding the negative \$4.8 million net operating income of PSM, Mr. Canner cautioned not to include the depreciation, but focus on the \$900,000 of revenues minus expenses of the airport which complements the \$7.7 million of the Tradeport, then pick up the other business units. The administrative overhead comes out of the pool and gets brought all together, excluding DPH. In response to Chairman Smith's question of what that number is, Mr. Canner responded it is that \$3.5-\$4 million number. That is the figure on the table to compete for capital money. Mr. Gardner notes that any money accessed for capital projects must stay on the airport per FAA regulations and cannot be spent elsewhere. In response to Director Levesque's question about Golf Course revenues, Mr. Canner stated that it is restricted to support the airport. Mr. Gardner explained that it is broken down to non-aeronautical revenue and aeronautical revenue but it is all airport revenue.


XIX. Adjournment

Director Lamson moved and Director Allard seconded to **adjourn the Board meeting**.
Discussion: None. Disposition: Resolved 6 votes for; motion carried. Meeting adjourned at 11:18 a.m.

XX. Press Questions

No members of the press attended the meeting.

Respectfully submitted,



David R. Mullen
Executive Director