

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

Thursday, June 19, 2014

Presiding: Arthur H. Nickless, Jr., Chairman
Present: Robert A. Allard, Treasurer; Margaret F. Lamson; Peter J. Loughlin, Vice Chairman;
Robert F. Preston; and Franklin G. Torr
Absent: John P. Bohenko;
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 Nickless called the meeting to order at 8:08 a.m. in the Board conference room, 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire.

II. Acceptance of Board Meeting Minutes: April 24, 2014 and May 15, 2014

Director Lamson moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the April 24, 2014 and May 15, 2014 Board meetings.** Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.

III. Public Comment

Tom Carroll, Portsmouth, NH, made comments regarding the Market Street Terminal including: good management practices; scrap metal operations; health and safety issues; and the Board's oversight of operations.

IV. Old Business

No old business was brought before the Board.

V. Audit Committee Report

Director Loughlin reported that the PDA Audit Committee met on June 17, 2014. The Committee received a report from Runyon, Kersteen and Ouellette (PDA's external auditors) on the status of the FY 2014 audit and the year-end audit schedule. The Audit Committee will meet on October 14, 2014 to review the year-end audit. Directors Loughlin, Preston, and Lamson complimented Irv Canner, PDA Director of Finance, and the Finance Department for their work.

VI. Finance Report

A. Finance Reports

1. Operating Results for Ten Month Period Ending April 30, 2014

Irving Canner, Director of Finance reported on the status of PDA FY 2014 finances for the ten month period ending April 30, 2014. Revenues are under budget due, in part, to reduced revenues at the Golf Course during the renovation period; and the late start of fuel operations at Hampton Harbor Marine facility. Operating expenses are over budget by 4.3%, due, in part, to the write off of bad debts, including the GSA account. Mr. Canner reviewed the variances to the revenues and operating accounts. PDA currently employs 129 people including seasonal employees. PDA continues to track its utility consumption rates by business units and expects to go out to bid for electric service and propane gas providers. The balance sheet shows that the overall

cash balances have decreased by approximately \$2 million since June 30, 2013, due in part, to ongoing construction projects and the related increase in debt to pay for the projects. Enplanements at Portsmouth International Airport at Pease (“PSM”) have exceeded 18,000 as of May 31, 2014. PDA staff reviewed operating results and the proposed budget for Skyhaven Airport with the Skyhaven Airport Advisory Committee. After consideration of grant funding, PDA anticipates paying approximately \$200,000 for the Skyhaven Airport runway improvement project. The cumulative cash flow impact to the PDA including capital expenses for Skyhaven Airport through FY 2016 will be approximately \$1.6 million. A computer system was installed at Skyhaven to track airplane landings which average 375 landings per month.

At the Pease Golf Course 7,500 rounds of golf were played by the end of May, which is higher than the same period last year. Bar and grill sales at Grill 28 have exceeded \$1 million and are expected to reach \$1.1 million by the end of the fiscal year. Simulator revenues were over \$100,000 for the winter season. Revenues from operations at the Market Street Terminal continue to support other Division of Ports and Harbors marine facility operations. DPH unrestricted cash balance has reduced from approximately \$1 million to \$600,000 due to costs of improvements made to the Market Street Terminal.

Chairman Nickless asked what the cumulative financial loss is for PSM. Mr. Canner reported that PDA absorbs about \$2.5 million per year in operations and maintenance costs. David Mullen, PDA Executive Director, explained that the PDA landside operations offset the PSM costs. Director Loughlin noted that airports typically do not make money and they serve a different purpose. PSM and Skyhaven provide an economic engine to Rockingham and Stafford counties.

Mr. Canner explained that the combined landside and airport revenues provide an overall positive cash flow. Mr. Mullen reported that due to the overall positive revenues, PDA is able to provide services at PSM at no fee to airlines which make PSM an attractive place to do business.

2. Nine Month Cash Flow Projections to February 28, 2015

Mr. Canner reviewed PDA cash flow projections for the nine month period ending February 28, 2015. PDA’s debt, primarily through the revolving line of credit, is expected to peak in mid-summer at approximately \$5.2 million due to capital projects. For the period, grant related capital projects are expected to be approximately \$7.5 million dollars and non-grant projects will be approximately \$1.6 million. Mr. Canner reviewed the variances in the unrestricted cash balances for the period, including draw down on the revolving line of credit with Provident Bank and the use of funds for capital projects.

B. Approvals

1. Operating and Maintenance Budget – FY 2015 – FY 2017

Director Lamson moved and Director Allard seconded that **The Pease Development Authority Board of Directors approves of and accepts the proposed FY2015 Operations and Maintenance (“O&M”) Budget and FY 2015 - FY 2017 O&M Forecast in substantially the same form as attached hereto.**

Discussion: Mr. Canner reviewed proposed O & M budget. The Finance Department worked with department heads to establish the budgets. FY 2015 revenues are expected to increase by approximately 7% due, in part, to increased revenues at the Golf Course and GSA lease payments beginning in October, 2014. Mr. Canner reviewed the financial effects that the ending of the Grimmel contract will have on the DPH budget. Operating expenses are expected to increase by approximately 1.8% due, in part, to increase wages and fringe benefit costs. The budget also allowed for marketing costs and legal fees. Mr. Canner reviewed some of the variances in the FY 2013, FY 2014, and FY 2015 budgets. Key planning assumptions included COLA, no increase in staffing, and fringe benefits costs. Director Preston confirmed that the Chief and Deputy Chief Harbor masters are included in the Group II retirement. Director Loughlin complimented the staff for work on the budget.

Disposition: Resolved by unanimous vote; motion carried.

2. Information Technology Servers - Replacement

Director Allard moved and Director Lamson seconded that The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a contract with Daystar Computer Services, Inc. ("Daystar") of Portsmouth, NH, in an amount not to exceed \$70,000 for the purchase and installation of five (5) information technology computer servers; all in accordance with the memorandum from Irving Canner, Director of Finance, dated June 12, 2014 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. Time is of the essence for replacement of the servers due to ongoing problems that are causing disruption of computer services throughout the PDA and there is concern that the system may fail;
2. Daystar installed the current server system and has worked on the PDA computer server systems giving Daystar an intimate working knowledge of the servers;
3. A comparison of hourly service rates with three companies including Daystar showed that Daystar has the lowest hourly rates for computer services; and
4. Daystar can expeditiously make the necessary replacements.

Note: This motion requires 5 affirmative votes. Discussion: Chairman Nickless noted that the current servers were installed 5 years ago. Mr. Canner reported that the servers should be replaced by the end of July. Disposition: Resolved by unanimous roll call vote; motion carried.

VII. Licenses/Easements/Rights of Way/Options

A. Approvals

1. Seacoast Aviation Security Screening Company

Director Preston moved and Director Torr seconded that The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a Right of Entry with Seacoast Aviation Screening Company for use of a portion of the Airport Terminal at the Portsmouth International Airport at Pease to provide security screening of private charter aircraft on substantially the same terms and conditions set forth in the memorandum from Kim W. Hopper, Airport Manager, dated June 11, 2014 and attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

2. NH ANH – KC 46A Memorandum of Understanding

Director Torr moved and Director Preston seconded that The PDA Board of Directors hereby authorizes the Executive Director to enter into a Memorandum of Understanding ("MOU") with the NH Air National Guard (NH ANG) in connection with the program to locate KC 46A airplanes at the Pease NH ANG airbase; all in accordance with the memorandum of Maria J. Stowell, P.E., Manager - Engineering, dated June 13, 2014 attached hereto. Discussion: In response to Director Lamson, Maria Stowell, P.E., Manager – Engineering, showed the Board an illustration of where the planes will be located. Bill Hopper, Airport Manager, reported that the parking configuration will not change. Disposition: Resolved by unanimous vote; motion carried.

3. City of Portsmouth – Water Tank Concept Plan

Director Loughlin moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby approves of the concept plans for the replacement by the City of Portsmouth of the Hobbs Hill Water Tank located on International Drive; in accordance with the memorandum of Maria J. Stowell, Manager - Engineering, dated June 12, 2014 attached hereto.** Discussion: Mr. Mullen informed the Board that the water tank replacement is part of the master plan. COP agreed to move the water tower now to accommodate a new tenant on International Drive. Director Loughlin questioned why such a large area around the new tower needs to be cleared. Brian Getz, COP Deputy Director of Public Works, and Patrick Curran of Tighe and Bond, reviewed the clearing and landscaping plans. The area around the will be cleared to create lay down space during construction. Landscaping will also be put in place when the old tower is demolished. Director Loughlin asked that the amount of clearing needed be carefully reviewed and that the amount of clearing for lay down be limited as much as possible. Disposition: Resolved by unanimous vote; motion carried.

VIII. Leases

A. Approvals

1. C & J Bus Lines – 42 Durham Street Parking Lot

Director Allard moved and Director Lamson seconded that **The Pease Development Authority Board of Directors approves of and authorizes the Executive Director to enter into a Lease Agreement with C & J Bus Lines (“C & J”) for the use of the premises located at 42 Durham Street to park C & J customers’ vehicles; all on similar terms and conditions set forth in the draft Letter of Intent dated June 12, 2014 attached hereto.** Discussion: Director Lamson complimented the C& J Bus Lines operations and the services it provides. Director Preston noted that the property use is a non-airport oriented activity and he is pleased that PDA is able to accommodate the project. Disposition: Resolved by unanimous vote; motion carried.

2. Skyhaven Airport – Restaurant

Director Torr moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby approves and authorizes the Executive Director to complete negotiations and enter into a Lease Agreement with Vincent Crout-Hamel, or his nominee, for the for the purpose of constructing and operating a restaurant at Skyhaven Airport, Rochester, New Hampshire; all in accordance with the memorandum of Mark H. Gardner, Deputy General Counsel, dated June 12, 2014 attached hereto.**

Note: Due to a conflict of interest, Chairman Nickless recused himself from the discussion and vote. Chairman Nickless disclosed that he has assisted Mr. Crout-Hamel with the preliminary plans. Chairman Nickless left the room at 8:50 a.m. Vice-Chairman Loughlin conducted the meeting. Discussion: Mr. Crout-Hamel reviewed the plans for the restaurant including: location of the building; changes made to the size of the lot; traffic patterns; water and sewer connections; and possible natural gas line connections. Mr. Mullen reported that gates will allow customers to access the restaurant from the airport. Director Allard asked about when the restaurant will be operational. Mr. Crout-Hamel informed the Board that the restaurant would open in December and open from 11 a.m. to 10 p.m. Mr. Crout-Hamel has previously operated two restaurants Director Preston questioned if there would be enough business to warrant a restaurant operation. Mr. Crout-Hamel reviewed the surrounding businesses that he felt would use the business. Mr. Mullen reported that the plans are preliminary. City of Rochester and staff need to review the plans. Mr. Mullen informed the Board that he is very supportive of the restaurant but not of the plans presented. Staff will work with Mr. Crout-Hamel and the concept plan will be brought to the Board for formal approval. Disposition: Resolved by 5 votes for; 1 abstention (Nickless); motion carried.

IX. Contracts/Agreements

A. Approvals

1. 55 International Drive – Building Improvements

Director Lamson moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to:**

- 1. Enter into a contract with Careno Construction, Co., LLC for improvements to the roof and attic at 55 International Drive in the amount of \$135,580 including the Base Bid and Add Alternates 1 and 2 (as described in the attached memorandum); and**
- 2. Allocate a contingency of \$24,420 for unforeseen conditions that may surface during construction;**

all in accordance with the memorandum of Maria J. Stowell, P.E., Manager - Engineering, dated June 12, 2014, attached hereto. Discussion: None. Disposition: Resolved 5 votes for; motion carried.

2. Honeywell Building Solutions – Security System Update

Director Loughlin moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a contract with Honeywell Building Solutions (“Honeywell”) of Manchester, NH in an amount not to exceed \$24,705 to purchase a new server, update computer software and add three client licenses for the Airport Terminal security system; all in accordance with the memorandum of Ed Pottberg, Airport Security Coordinator, dated June 11, 2014, 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. Honeywell is the sole provider of the security system and can provide the requisite upgrades in a cost effective manner.**
- 2. The cost to upgrade the system with non-Honeywell software and replacement hardware including all door readers is estimated to exceed \$150,000; and**
- 3. Due to the addition of the modular building at Airport Operations, the system will require additional software client licences that are only offered by Honeywell with the system update.**

Note: This motion requires 5 affirmative votes.

Note: Chairman Nickless returned to the meeting at 9 a.m. Discussion: None. Disposition: Resolved by unanimous 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. A total of 18 holes are now open. Wadsworth Construction finished the punch list items on the lower 9 course. On July 1st,

all 27 holes will be open. Advertisements will begin next week to advertise the lower 9 course opening. The number of passholders for this year is below expectations. Mr. DeVito expects the numbers to increase once he 27 holes are all open. Mr. DeVito reviewed the various junior golf programs. A junior golf league will start at the end of June. Mr. DeVito reported that the new drainage systems worked very well during the last rain storm. Some seeding work still needs to be done, but, overall, the golf course is in good shape. Mr. Mullen announced that a ceremonial ribbon cutting will be held on July 1 at 8 a.m. to open the lower nine course and he invited the Directors to attend.

2. Airport Operations

Mr. Hopper reported on aviation activities.

a) Skyhaven Airport (“DAW”)

The Wings and Wheels event in conjunction with a Young Eagles aviation program was held on June 14th. Over \$6,000 was raised for Gerry’s Food Pantry and over 4,300 people attended. The Governor and Council approved the Skyhaven Airport runway project.

b) Portsmouth International Airport at Pease (“PSM”)

Enplanements have exceeded 18,000 passengers. There are 16 troop flights scheduled. The ASR runway project is ongoing and the Noise Exposure Map is near completion. Director Allard asked about airplane activities in his neighborhood. Mr. Hopper reported that it was probably military airplanes from Hansom Air Force Base. Director Lamson inquired about helicopter activity in the area. The helicopters are blue and white. Mr. Hopper will check on the activity. Director Preston asked about Allegiant Air’s flight schedules. Mr. Hopper reported that Allegiant will take a hiatus from mid-August to October. Flights to Sanford will resume in October. Punta Gorda, Florida flights are not yet scheduled. Chairman Nickless was very impressed with the Wings and Wheels event.

c) Noise Line Report

Mr. Hopper reported that there were 11 calls in May. Five calls were related to military activity; one call related to helicopter operations; two calls related to medical flights; and one call related to the sound insulation program. The Board had a general discussion regarding one-way take off activities. Mr. Hopper reviewed the one-way take off procedures and will report more on the one-way take off at a later meeting.

B. Approvals

1. Bills for Legal Services

Director Preston moved and Director Torr seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds in the total amount of \$6,697.00 for legal services rendered to the Pease Development Authority by:**

1.	Anderson & Kreiger LLP Through April 30, 2014	\$6,030.00	
2.	Sheehan Phinney Bass + Green Through April 30, 2014	<u>\$ 667.00</u>	
	Total		<u><u>\$6,697.00</u></u>

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

XI. 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 in May and June. The Council drafted a letter to the Board regarding the Grimmel Industries' contract. Mr. Marconi updated the Council on ongoing activities at the Port.

2. Waiver of Wharfage and Dockage – Piscataqua Maritime Commission

In accordance with the "Delegation to Executive Director: Consent and Approval for the Waiver of Wharfage, Dockage and Related Fees for Qualified Non-profit Organizations Using Facilities of the Division of Ports and Harbors adopted by the Board on June 27, 2002, Mr. Marconi reported that wharfage and dockage fees will be waived for visit of the historic sailing vessels the Mystic and the Lynx on August 1 through August 3, 2014. Director Loughlin approved the waiver.

Mr. Marconi reported that DPH submitted a capital budget request of \$7.5 million for the next biennium. The request is for the State's cost share for the expansion of the uppermost turning basin located in the Piscataqua River near Newington, NH. The Army Corps of Engineers will fund the majority of the project. The overall cost of the project will be approximately \$22 million. Mr. Marconi met with the Governor's budget committee to review the request. If the State does not fund its portion of the project, the project would be delayed.

3. NH DOT/ME DOT - Presentation

Mr. Marconi reviewed the proposed plans for the replacement of the Sarah Mildred Long bridge and its effect on the Market Street Terminal. Jeff Folsom of ME DOT and Bob Landry of NH DOT reviewed the project. Mr. Folsom reviewed the proposed bridge layout and the new alignment of the new bridge with the Terminal. One goal of the plan is to improve the navigational opening for the lift span. The new bridge will cross the Terminal which would necessitate the relocation of the railroad spur line, the reconstruction of the boat launch, and removal of a portion of the Barge Wharf. Mr. Landry reviewed the changes to the boat dock access and replacement and extension of the main wharf and fender system. The small boat dock will be relocated. NH DOT is working with UNH regarding dredging in the Cutts Cove. The spur line will be relocated. The existing bridge will be completely removed by summer, 2018. The proposed work on the Terminal will take place after the bridge is removed. Mr. Marconi noted that the grading of land and removal of the bridge pier will enhance the Port's berth. Discussions are still ongoing with Pan Am regarding the rail lines. Mr. Marconi explained that the vertical opening under the bridge will be increased to allow boat traffic with less need to raise the bridge. The bridge will be able to be lowered for railroad traffic.

B. Approvals

1. Schedule of Pilotage Fees and Unit Rates – Adoption

Director Loughlin moved and Director Torr seconded that **In accordance with RSA 12-G:42, XI, the Pease Development Board of Directors hereby approves of and adopts effective June 29, 2014:**

- a. the Final Fixed Text for the amendment to Administrative Rules Pda 311.03 "Pilotage Fees Based on Pilotage Unit Rates; Flat Fees" attached hereto; and**

- b. the "Schedule of Pilotage Fees and Pilotage Unit Rates, Portsmouth Harbor and Piscataqua River" attached hereto.

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 11, 2014 attached hereto. Discussion: None. Disposition: Resolved by unanimous 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 \$21,528.00 for legal services rendered to the Division of Ports and Harbors by:

1.	Sheehan Phinney Bass + Green Through April 30, 2014	\$ 406.00 \$15,812.00 <u>\$ 5,310.00</u>	Total <u><u>\$21,528.00</u></u>
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Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

XII. Special Events – Report

Marie Aleksy, PDA Paralegal, reported on the following special events on the Tradeport:

1. On Sunday, July 20, 2014, the NH ANG Minuteman Fund will sponsor a 7k road race that will use a portion of Arboretum Drive. Funds raised will support the Pease Minuteman Fund and the Pease Kids' Corps programs.
2. On Monday, September 1, 2014, the St. Charles Children's Home will sponsor its 18th fund raising 5k road race. Funds raised will support the Children's Home programs.

XIII. New Business

No new business was brought before the Board.

XIV. Upcoming Meetings

Chairman Nickless reported that the following meetings will be held:

Port Committee	July 10, 2014 @	555 Market Street
Board Meeting	August 21, 2014	

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

XV. Directors' Comments

Director Loughlin said his comments regarding the costs of running airports were not meant to be critical; and he made comments about considering all points of view when seeking and giving professional advice.

XVI. Non-Public Session

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

1. **NHRSA 91-A:3, Paragraph II(a) the dismissal, promotion, or compensation of any public employee or the disciplining of such employee, or the investigation of any charges against him, unless the employee affected (1) has a right to a meeting and (2) requests that the meeting be open, in which case the request shall be granted; Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.** The Board entered into non-public session at 9:40 a.m. The Board returned to public session at 10:00 a.m.

XVII. Adjournment

Director Loughlin moved and Director Lamson seconded to **adjourn the Board meeting. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.** Meeting adjourned at 10:00 a.m.

XVIII. Press Questions

No members of the press attended the meeting.

Respectfully submitted,



David R. Mullen
Executive Director/Secretary