

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

Thursday, October 16, 2014

Presiding: Arthur H. Nickless, Jr., Chairman

Present: Robert A. Allard, Treasurer; John P. Bohenko; Margaret F. Lamson; Peter J. Loughlin, Vice Chairman; Robert F. Preston; and Franklin G. Torr

Attending: David R. Mullen, PDA Executive Director; Lynn Marie Hinchee, PDA 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: September 18, 2014

Director Preston moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the September 18, 2014 Board meeting.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

III. Public Comment

Robert Hasshold, member of Promote Our Port ("POP"), made comments regarding: POP's commitment to a working port; discussion and tour of Black Falcon port terminal in Boston; various uses of the Market Street Terminal ("Terminal"); history of ferry services in Portsmouth; POP's desire to work with PDA to promote Port; and parking at the Terminal.

IV. Old Business

There was no old business brought before the Board.

V. Audit Committee Report

A. Reports

- 1. SAS Responsibility**
- 2. Management Letter**

Director Bohenko, Audit Committee Chair, reported that the Audit Committee met on October 14, 2014 to review PDA's FY 2014 audited financial reports as reviewed by Runyon Kersteen and Oullette ("RKO"). The Committee reviewed the SAS Responsibility and the Management Letter. The audit was deemed a good audit with no material deficiencies and one Management Letter comment regarding grants. RKO reported that there were no journal entries and the materials provided by the Finance Department to the auditors were impeccable. Director Bohenko noted that the audit is to determine if PDA is in compliance with the governmental accounting regulations and does not tell the status of PDA's financial position. Director Bohenko and Director Lamson commended Irv Canner, PDA Finance Director and his staff for their efforts. Director Bohenko reported that PDA may send out an RFP for auditing services to rotate auditors.

B. Certified Financial Statements and A-133 Audit

Director Preston moved and Director Bohenko seconded that **In accordance with the recommendation of the Pease Development Authority Audit Committee, the PDA Board of Directors accepts receipt of the certified Annual Financial Statement for the years ended June 30, 2014 and 2013 and the OMB Circular**

A-133 audit of Federal Awards for the year ended June 30, 2014; all as otherwise prepared and submitted by the PDA's independent auditor Runyon, Kersteen and Ouellette; and further authorizes the Executive Director to forward the certified Financial Statement to the State of New Hampshire for inclusion in the Comprehensive Annual Financial Report. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

VI. Finance Report

1. Operating Results for Two Month Period Ending August 31, 2014

Mr. Canner reported on the status of PDA FY 2015 finances for the two month period ending August 31, 2014, including: operating revenues and expenses and the minor fluctuations; operating income and the profitability of the various business units. A review of the operating expenses included: wages and benefits; the reduction of the number of seasonal employees; electricity consumption and the savings realized due to contracting with an electricity supplier. Mr. Canner reviewed the balance sheet that shows PDA's cash balances and the use of the revolving line of credit to pay accounts payables; capital improvement projects and the effect of the timing of grant reimbursements. Director Bohenko asked about the amount of grant receivables and the timing of grant project reimbursements. Mr. Canner reported that the grant receivables is approximately \$1.8 million and reimbursements can take anywhere from two weeks to 60 days or more. Discussion continued regarding depreciation and how it is tracked. Mr. Canner reviewed the Business Units Analysis for the Portsmouth International Airport at Pease ("PSM"), Skyhaven Airport, the Golf Course including Grill 28, and the Division of Ports and Harbors' ("DPH") restricted and unrestricted funds. Director Bohenko asked about the start date of the ME DOT project and its use of the Terminal. Discussion continued regarding DPH's borrowing capabilities. As required, the EDA semi-annual report for the Revolving Loan Fund (RLF) will be filed by the end of October. Mr. Canner reported on the trends of the RLF and that \$43,000 is still sequestered by the EDA and will be held until the ratio of the total loan portfolio to available cash is at 75% or more. The A-133 Federal Audit of Federal Awards audits PDA's federal grant awards including the RLF.

2. Nine Month Cash Flow Projections to June 30, 2015

Mr. Canner reviewed PDA cash flow projections for the nine month period ending June 30, 2015, including: capital expenditures and the use of the Provident Bank line of credit; the components of PDA's debts; grant funded capital improvement projects; and repayment of the revolving line of credit. Mr. Canner reviewed the consolidated statement of cash flow at of August 31, 2014. Director Allard reported that he was informed that ME DOT wants to start at the Market Street Terminal in November. Geno Marconi, Division Director, reviewed the ongoing negotiations with ME DOT; the anticipated start date; and Grimmell's time table to vacate the premises..

VII. Leases

A. Reports

In accordance with the "Delegation to Executive Director: Consent, Approval of Sub-lease Agreements", David Mullen, Executive Director, reported on the following subleases:

1. Pioneer Aviation LLC

Pioneer Aviation, LLC entered into a sublease with CSI Engineering, LLC for 2,600 square feet at 125 Aviation Avenue for a base term of three years. Director Loughlin approved the sublease.

2. Pioneer New Hampshire, LLC – 112 Corporate Drive

Pioneer New Hampshire, LLC entered into a sublease with Unisensor USA, Inc. for 7,868 square feet at 112 Corporate Drive for a base term of seven years. Director Loughlin approved the sublease.

3. Shaines & McEachern Company Portsmouth, LLC

Mr. Mullen reported that in accordance with the terms of its lease Shaines & McEachern Company Portsmouth, LLC has exercised its option to extend the term of its lease for the property located at 282 Corporate Drive. The lease will expire on September 30, 2020.

VIII. 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. Riverside & Pickering Marine Contractors – Portsmouth Fish Pier

PDA contracted with Riverside Pickering Marine Contractors for replacement of fender piles at the Portsmouth Fish Pier. Chairman Nickless approved the expenditure of \$9,800.

2. Jacobs Engineering Group, Inc. – Skyhaven Airport

PDA contracted with Jacobs Engineering Group, Inc. for a topographic survey at Skyhaven Airport's Terminal and apron area. Chairman Nickless approved the expenditure of \$6,830.

3. Pease Golf Course – Simulators Refit

PDA contracted with About Golf and CCs/Projector Superstore for the refitting of baffles and the purchase and installation of HDMI cables and projectors in the simulator room. Chairman Nickless approved the expenditure of \$7,161.

IX. 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. Twenty-five hundred tournament rounds have been played in the first four months of FY 2015. Greens maintenance work is ongoing. The "Pay Now – Play Now" membership program has begun. Renewal applications for the 2015 season will be sent out shortly. Director Bohenko requested that a Golf Committee meeting be held before the end of the year to discuss the operations. Chairman Nickless commended the Golf Course staff on their operations of a class facility.

2. Airport Operations

Bill Hopper, Airport Manager, reported on aviation activities.

a) Skyhaven Airport ("DAW")

The runway will be closed for 5 days to finish construction. The new 4,200 runway should be opened

soon. Mr. Hopper reviewed how the new runway with lower visibility and lower ceilings will provide more options for other types of airplanes to use the facility.

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

Allegiant Airlines’ operations have resumed. The flight activity and enplanements are good. The rental car operations are also doing very well. The ASR project will be shut down for winter. The mandatory triennial exercise was held on October 4th and included the testing of the web emergency center. The web center allows for communications with the State through the internet. Director Preston asked if Allegiant will increase its flights to Florida including to Punta Gorda. Mr. Hopper explained that due to new training regulations for pilots, there is a shortage of trained pilots. Allegiant is pleased with its Pease operations and wants to increase its flights. In response to Director Allard, Mr. Hopper reported that the proposed restaurant at Skyhaven will not open.

Mr. Hopper reported that the Noise Compatibility Committee meeting will be held on October 23, 2014. Director Lamson asked about if the Noise Compatibility Committee and noted that it is not a standing committee of the Board and has no authority to vote. Lynn Hinchee, PDA General Counsel, reported that the Committee was established during the Part 151 study to be a forum for community representatives. Participation has dwindled and PDA continues to notify the communities of the meetings. Director Lamson reported that people who are attending the meetings have concerns about the helicopter noise and that she would like to see more participation from the public.

(1) Approvals

(a) Allegiant Air, Inc. – Lease Amendment

Director Allard moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into Amendment No. 1 of the Terminal Lease & Airfield Operating Agreement with Allegiant Air, LLC on substantially the same terms and conditions of the amendment attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

c) Noise Line Report

Mr. Hopper reported that in September that there were 49 telephone calls to the Noise Line. Four calls dealt with fixed wing aircraft and 45 calls dealt with the helicopter traffic in the area. Director Bohenko reported that he received a confirmed report that a Seacoast Helicopter flight was flying at 900 feet and not at the voluntary level of 1,000 feet.

B. Approval

1. Bills for Legal Services

Director Torr moved and Director Allard seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds in the total amount of \$1,525.17 for legal services rendered to the Pease Development Authority by:**

1. Sheehan Phinney Bass + Green		
Through August 31, 2014	Total	<u><u>\$1,525.17</u></u>

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

X. Division of Ports and Harbors

A. Division Director's Reports

Geno Marconi, Division Director, reported that a ribbon cutting ceremony was held at Hampton Harbor facility on October 13, 2014. Governor Hassan, State Senator Stiles, Director Preston, and Director Torr attended the ceremony.

1. Port Advisory Council

Mr. Marconi reported that the Port Advisory Council on October 15, 2014. The Council discussed mooring permits and complaints received about moorings; action items for the Council; the commercial fishing industry; and how fishing regulations will affect the party boat industries. The Council authorized the Council Chairman to write a letter to the Town of New Castle regarding the replacement of the Wentworth Bridge with a bascule bridge.

2. Commercial Mooring Transfer

Mr. Marconi reported that in accordance with the "Delegation to Executive Director: Consent, Approval and Execution of Mooring Permit Transfers", a commercial mooring was transferred for:

	<u>Permit</u>	<u>Business</u>	<u>Date of Approval</u>
Hampton Harbor	No.595	Commercial Fishing	9/22/14
Transferor:	Gauron Fisheries, Inc.		
Transferee:	Josiah Beringer		

Discussion: In response to Director Preston, Mr. Marconi reported that Gauron Fisheries has given up its gill net operations and transferred to the mooring to Mr. Beringer. Discussion continued regarding the Grimmel Industries' winding down of operations at the Market Street Terminal.

Director Bohenko thanked Mr. Marconi for his response to the inquiries received regarding the Ebola virus and Liberian flagged tankers that come to the Port. Director Bohenko sent a report to the City Council regarding first responder issues. A table top exercise with Portsmouth Hospital was held and a response protocol is in place. Director Torr urged the Board to visit the renovated Hampton Harbor facilities.

B. Ratification and Approval

1. International Salt Company, LLC – Assignment

Director Loughlin moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby ratifies and approves of the Amendment to License and Operating Agreement of International Salt Company, LLC ("ISCO") for its operations at the Market Street Terminal, effective September 29, 2014 to effect the assignment of ISCO's License to Morton Salt, Inc; on the same terms and conditions contained in the Amendment to License and Operating Agreement and in accordance with the memorandum of David R. Mullen, Executive Director, dated October 8, 2014 attached hereto.**

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

C. Approvals

1. NH Community Seafood Association – ROE

Director Bohenko moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a Right of Entry with New Hampshire Community Seafood for a portion of the facilities located at the Portsmouth Fish Pier retroactively effective July 1, 2014; all upon terms and conditions substantially the same terms and conditions set forth in the memorandum from Geno J. Marconi, Division Director, dated October 7, 2014 and attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

2. XI and XII Northeast Fishery Sector – ROE

Director Lamson moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a Right of Entry with the XI and XII Northeast Fishery Sectors (“the Sector”) retroactively effective July 1, 2014 for office space located at the Portsmouth Fish Pier on substantially the same terms and conditions set forth in the memorandum from Geno J. Marconi dated October 7, 2014 and attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

3. Foreign Trade Zone Authority – Boundary Modification

Director Allard moved and Director Bohenko seconded that **The Pease Development Board of Directors hereby approves of and authorizes the Director of the Division of Ports and Harbors to submit a request to the US Dept. Of Commerce Foreign-Trade Zone Board for a minor boundary modification transfer authority of the Foreign Trade Zone (“FTZ”) No. 3 located in Dover, New Hampshire to FTZ No. 4 located in Londonderry, New Hampshire; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated October 7, 2014 attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

4. Appledore Marine Engineering – Condition Survey

Director Torr moved and Director Preston seconded that **The Pease Development Board of Directors authorizes the Executive Director to enter into an agreement with Appledore Marine Engineering, Inc. (“AMEI”), PDA’s marine engineering consultants, in an amount not to exceed \$18,500 for a condition survey of the Barker Wharf at the Market Street Terminal; subject to the availability of funds and in accordance with the memorandum of Geno Marconi, Division Director, dated October 8, 2014 attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

5. 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 \$2,685.12 for legal services rendered to the Division of Ports and Harbors by:**

1.	Susan Marshall, Esq. Through January 22, 2014	<u>\$ 570.00</u>	
2.	Sheehan Phinney Bass + Green Through August 31, 2014	<u>\$ 667.00</u>	
		<u>\$1,448.12</u>	
	Total		<u>\$2,685.12</u>

Discussion: In response to Director Preston and Director Allard, Marie Aleksy, PDA Paralegal, explained that the Sheehan Phinney bills covered two separate subject matters; and that Attorney Marshall works intermittently as outside counsel for PDA – DPH and bills PDA periodically for her services. Disposition: Resolved by unanimous vote; motion carried.

XI. New Business

No new business was brought before the Board.

XII. Upcoming Meetings

Chairman Nickless reported that the following meetings are scheduled to be held on:

Finance Committee	Nov. 17, 2014
Board Meeting	Nov. 20, 2014

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

XIII. Directors' Comments

Director Loughlin noted that he was very pleased with the mature vegetation all over the Tradeport and complimented Maria Stowell, PDA Engineering, and staff for their efforts to ensure through the site review process that landscaping is included and maintained on tenants' premises. Director Lamson commended Ms. Stowell for her work on the newly completed multi-use path.

XIV. Non-Public Session

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

1. NHRSA 91-A:3, Paragraph II(d) for the purpose of discussing the acquisition, sale or lease of property. Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried. The Board entered into Non-Public session at 9:11 a.m. The Board returned to public session at 9:55 a.m.

XV. Adjournment

Director Bohenko moved and Director Allard seconded to **adjourn the Board meeting.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried. Meeting adjourned at 9:55 a.m.

XVI. Press Questions

There were no members of the Press at the meeting.

Respectfully submitted,



David R. Mullen
Executive Director/Secretary