

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

**Thursday, December 18, 2014
ANNUAL MEETING**

Presiding: Peter J. Loughlin, Vice Chairman;
Present: Robert A. Allard, Treasurer; John P. Bohenko; Margaret F. Lamson; 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

Vice Chairman Loughlin called the meeting to order at 8:07 a.m. in the Board conference room, 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire

**Tribute to Arthur H. Nickless, Jr.
Chairman of the Board**

Vice Chairman Loughlin made the following tribute to Arthur H, Nickless, Jr., Chairman of the Board, who passed away on December 17, 2014:

“Yesterday we lost our Chairman, Arthur Nickless, to cancer. There is not a person in this room who knew Art who is not devastated by this loss. He was our Chair, but I think everyone of us saw him more as a great friend than as the Chair. In the 15 years he was on the Board, he was the consummate gentleman. He was always unfailingly fair, never raised his voice or got upset -- even when there was a very good basis for doing so.

He treated the public, the Pease tenants, the staff, and fellow Board members with the utmost respect and deference. Art was always willing to listen to suggestions and always interested in improving communications with the public, our neighbors, our supporters, and those who may not have been quite as supportive. We are all better off for having known Art and the Pease Tradeport, the Seacoast, Strafford County, and the State of New Hampshire are better places because of Art’s hard work and dedicated service.”

Director Preston said that this was a difficult time for the Board for all the years they have spent with Art as a friend and colleague. Director Preston expressed his thanks to the PDA staff for the staff’s support of Art’s family through the employees’ anonymous donations of vacation time. Director Preston extended his thanks to each and every member of the PDA. The Board and Chairman Nickless respect the work done by the staff and felt that PDA was very fortunate to have the employees.

Al Weston, Airport Maintenance Manager, spoke on behalf of the PDA employees. The staff felt very fortunate to have Art Nickless as Chairman of the PDA. Employees felt that when Art said hello to them, he really meant it.

Vice Chairman Loughlin called for a moment of silence.

II. Acceptance of Board Meeting Minutes: November 20, 2014

Director Preston moved and Director Bohenko seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the November 20, 2014 Board meeting.** Discussion: None. Disposition: Resolved by unanimous vote; motion carried.

III. Recognition – PDA Employees

David Mullen, PDA Executive Director, recognized and thanked the following employees for their years of service at the Pease Development Authority:

20 Years

Bill Hopper Airport Operations

15 Years

K. C. Conley Maintenance
Judy Dubois Division of Ports and Harbors

Director Lamson has worked with Judy Dubois and commended Judy for her efforts.

IV. Public Comment

There were no public comments.

V. Old Business

No old business was brought before the Board.

VI. Golf Committee Report

Director Bohenko, Committee Chair, reported that the Golf Committee met on December 17, 2014 at the Pease Golf Course Clubhouse. The Committee recommended that the awarding of the contract for the Golf Course website design be postponed to allow PDA staff has more time to review the proposals and do costs comparisons.

Director Bohenko reported that the Committee, John Tinios of Grill 28, and PDA staff members reviewed the clubhouse facility. The clubhouse is successful as a meeting/event place for PDA tenants and public as well as golfers. PDA needs to find a balance between the needs to the business diners and the golfers to ensure each group has a good experience at the clubhouse. The Committee reviewed the need to expand the kitchen to accommodate the increased clubhouse dining and function business. The Committee determined that the kitchen and bar area need to be expanded and set a budget of \$1.2 million for the project. Mr. Tinios will work with staff regarding the kitchen layout; and Scott DeVito, PGA General Manager, will work with Staff regarding the segregation of the bar area for golfers. Revenues will be reviewed to determine how to finance the project. One goal is to enhance the golfing experience and increase the number of rounds played to 60,000 per year. The growth in kitchen revenues will also be reviewed for amortization of the project costs. Director Bohenko felt that the clubhouse has become what the Board envisioned and is a good place for Pease tenants and golfers to meet and socialize.

1. Pease Golf Course – Website Design

Director Allard moved and Director Bohenko seconded that **The proposed motion for the Golf Course website design be postponed to the next regularly scheduled meeting of the Pease Development**

Authority Board of Directors. Discussion: None. Disposition: Resolved by unanimous votes for; motion carried.

2. Golf Course Clubhouse Expansion

This item was not brought forward for discussion or action.

VII. Finance Report

A. Financial Reports

1. Operating Results for Four Month Period Ending October 31, 2014

Mr. Canner reported on the status of PDA FY 2015 finances for the four month period ending October 31, 2014. There are no significant variances in revenues and operating expenses in the forecasted budget. Electricity consumption is up approximately 6% from the same period last year due in part to the increased activity at the Airport Terminal. In November, 2014 PDA locked into a two year set rate for kilowatt hours. Staffing numbers continue to decrease due to the completion of seasonal work at the Golf Course and the hiring of the winter snow crews. Mr. Canner reviewed the changes in the Balance Sheet since June, 2014, due, in part, to capital improvement expenditures and debt repayments. The Business Units analyses showed that the enplanements reached 41,676 as of November 30, 2014, which is more than the total number of enplanements for the past three years. Approximately 45,000 rounds of golf were played at the Golf Course as of November 30, 2014, a 30% increase from the same period last year. Bar and grill sales also increased by approximately 30% for the same period. A report regarding golf course functions was added to the finance reports. The report showed that of the rounds played, 4,000 rounds were played in tournaments.

2. Nine Month Cash Flow Projections to August 31, 2015

Mr. Canner reviewed PDA cash flow projections for the nine month period ending August 31, 2015. Cash flow is currently at a break-even point. PDA plans to fully repay its external working line of credit within the nine month period. Current debt, outstanding is approximately \$4.0 million. On December 20, 2014, PDA will draw an additional \$1.0 million from the Provident Bank line of credit to pay some bills while awaiting reimbursement for the grant funded projects. Mr. Canner reviewed the unrestricted cash balances and the plans to repay the working line of credit. During the nine month period, capital expenditures of approximately \$2.4 million are expected to be made for projects including the completion of the Skyhaven runway project.

VIII. Leases

A. Approvals

1. Sumner Properties, LLC – Skyhaven Airport

Director Torr moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby approves and authorizes the Executive Director to complete negotiations and enter into lease and license agreements with Sumner Properties, LLC for the purpose of constructing a 4,900 square foot corporate hangar and restoring the Jet-A fuel tank for use at Skyhaven Airport, Rochester, New Hampshire, on substantially similar terms and conditions set forth in the memorandum of Mark H. Gardner, Deputy General Counsel, dated December 10, 2014 attached hereto; subject to the review and approval of construction and site plans and such other regulatory approvals as may be required by State and local municipal authorities.** Discussion: Director Torr reported that Sumner is a good business and that the project could be a catalyst for other businesses at Skyhaven. Vice Chairman Loughlin confirmed that this project is the first private enterprise at Skyhaven since Skyhaven was brought under PDA. Mr. Mullen reported that the upgraded runway was a reason for Sumner coming to Skyhaven. Disposition: Resolved by unanimous votes for; motion carried.

2. Gigunda Group – Lease Approval

Director Allard moved and Director Bohenko seconded that **The Pease Development Authority Board of Directors hereby:**

a. **approves of the sale of the facility and the assignment of the Lease by Air Cargo at Pease, LLC to Gigunda Group, Inc. for the premises located at 139 Flightline Road; and**

b. **authorizes the Executive Director and General Counsel to negotiate and execute without limitation, such agreements and documents as shall be necessary or appropriate, in their opinion, to facilitate the sale of the facility and the assignment of the ground lease;**

all in accordance with the memorandum of David R. Mullen, Executive Director, dated December 16, 2014 attached hereto. Note: Vice Chairman Loughlin recused himself from the discussion and vote due to a conflict of interest. Director Preston conducted the vote. Discussion: Ryan Fitzsimmons, principal of Gigunda Group, LLC (“Gigunda”), reviewed Gigunda’s business activities including its work with FEMA, the Red Cross, and private sector companies to help coordinate disaster relief efforts. Gigunda intends to use the aviation assets at 139 Flightline Road in support of its natural disaster relief efforts, such as working with Proctor and Gamble to provide laundry facilities to victims of Hurricane Katrina. Through its affiliate T.E.R.R.A. (“To Ensure Responsible Response Always”), Gigunda will establish a response command center at Pease, including transport by heavy-lift aircraft of customized vehicles to disaster areas. Discussion continued and included the types of aircraft that Gigunda will use and the number of employees at Gigunda’s Hooksett and Manchester, NH locations. Director Bohenko asked about the number of flights per day and flying times during a relief effort. He requested that Gigunda provide PDA with a quarterly report regarding the air activity and the types of aircraft used during disaster relief. Director Lamson expressed her concerns for increased noise in residential areas. Mr. Mullen informed the Board that the warehouse will provide facility needed to stage cargo for disaster relief. Attorney Hinchee reviewed the process involved to complete the transaction. Disposition: Resolved by 5 votes for; 1 abstention (Loughlin); motion carried.

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 contract:

1. Office Interiors, Ltd – Airport Terminal Furniture

PDA contracted with Office Interiors, Ltd. for the purchase of furniture to be used at the Airport Terminal dining area. Chairman Nickless approved the expenditure of \$7,811.00.

B. Approvals

1. Cross Insurance – PDA Insurance Renewal

Director Lamson moved and Director Bohenko seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to accept and bind insurance coverages for the Pease Development Authority to be provided by Cross Insurance Agency for the period of 12/31/14 through 12/31/15 in the projected amount of \$164,311.53; all in accordance with the Premium Summary and 2014 - 2015 Insurance Proposal attached hereto. Discussion:** In response to Director Lamson, David Hampson, Cross Insurance, explained that due to the bundling of several policies together under Hanover Insurance instead of coverage being provided by various carriers, Cross was able to secure a lower premium overall. Disposition: Resolved by unanimous vote; motion carried

2. ATM Contract

Director Bohenko moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a contract for Automated Teller Machine ("ATM") services at a) the Portsmouth International Airport at Pease Terminal and b) the Pease Golf Course Clubhouse with Vogel Vending, Inc., of Everett, MA on the terms and conditions set forth in the memorandum from Irv Canner, Director of Finance, dated December 9, 2014 attached hereto.**

In accordance with the provisions of RSA 12-G:8, VIII, the Board justifies the waiver of the RFP requirement for Vogel Vending based on the following:

1. The concession agreement fixed annual fees are diminutive totaling \$1,200 annually; and
2. The cost of the RFP process would significantly reduce the net revenues received.

Note: 5 Affirmative votes required. Discussion: Director Preston asked for an explanation of the revenues paid to PDA and fees received by Vogel. Mr. Canner reported that PDA receives an annual payment of \$1,200 from Vogel and Vogel receives a per transaction fee each time the ATM is used. Transactions average about 4,700 annually. Director Preston expressed his concerns about the minimal revenue PDA receives. Disposition: Resolved by unanimous roll call vote for; motion carried.

X. Elections

Mr. Mullen informed the Board that in accordance with Article III, Section 3.4 of the PDA By-Laws, the Vice Chairman and Treasurer for 2015 need to be elected:

A. Vice Chairman

Director Lamson moved the motion and Director Preston seconded that **Peter Loughlin be elected as Vice-Chairman of the Pease Development Authority.** Discussion: None. Disposition: Resolved by unanimous vote: motion carried.

B. Treasurer

Director Preston moved the motion and Director Bohenko seconded that **Robert Allard be elected as Treasurer of the Pease Development Authority.** Discussion: None. Disposition: Resolved by unanimous vote: motion carried.

XI. Executive Director's Reports/Approvals

A. Reports

1. PDA Holiday Schedule – 2015

Mr. Mullen reported that Pease Development Authority will observe the following holidays in 2015:

New Year's Day	Thursday	January 1, 2015
Martin Luther King/Civil Rights Day	Monday	January 19, 2015
Presidents' Day	Monday	February 16, 2015
Memorial Day (Observed)	Monday	May 25, 2015
Independence Day	Friday	July 3, 2015
Labor Day	Monday	September 7, 2015

Columbus Day (Observed)
Veteran's Day
Thanksgiving
Day after Thanksgiving
Christmas Day

Monday October 12, 2015
Wednesday November 11, 2015
Thursday November 26, 2015
Friday November 27, 2015
Friday December 25, 2015

2. Committee Appointments

Mr. Mullen reported that the Committees for 2015 are as follows:

Standing Committees

Executive Committee

Chairman of the Board
Peter Loughlin, Vice Chairman
Robert Allard, Treasurer
Staff Contact: Mullen/Hinchee

Marketing and Economic Development Committee

Peter Loughlin, Chair
Robert Preston
Frank Torr
Staff Contact: Mullen

Finance Committee

Robert Allard, Chair
John Bohenko
Margaret Lamson
Staff Contact: Mullen/Canner

Zoning Adjustment & Appeals Committee

Frank Torr, Chair
Peter Loughlin

Staff Contact: Hinchee/Stowell

Airport Committee

Robert Preston, Chair
Robert Allard
Margaret Lamson
Staff Contact: Hopper/Stowell

Ad Hoc Advisory Committees

Capital Improvement and Land Planning Committee

Peter Loughlin, Chair
Robert Allard
Frank Torr

Staff Contact: Hinchee/Stowell

Transportation Management Committee

Margaret Lamson, Chair
John Bohenko
Frank Torr
Staff Contact: Stowell

Golf Committee

John Bohenko, Chair
Robert Allard
Robert Preston
Staff Contact: Mullen/DeVito

Port Committee

Peter Loughlin, Chair
Frank Torr
John Bohenko
Ex Officio: Chair DPH Advisory Council
Staff Contact: Mullen/Marconi

Audit Committee

John Bohenko, Chair
Peter Loughlin
Robert Preston
Staff Contact: Canner

Legal Bill Review

Peter Loughlin
Frank Torr
Staff Contact: Hinchee

3. Golf Course Operations

Scott DeVito, PGA General Manager, reported on the activities at the Pease Golf Course. The course closed for outside play on November 25, 2014, and the simulator league season has begun. The Golf Course Maintenance Department is working on winterizing the course. Part time staff will finish work for the season very soon. The incentive programs for pass holders is ongoing. The junior golf program has reached the highest numbers of pre-bookings since the program began. The program is expected to exceed 25 players next season. Staff will work on developing more junior programs next season.

4. Airport Operations

Bill Hopper, Airport Manager, reported on aviation activities.

a) Skyhaven Airport ("DAW")

The runway project is completed and punch list items will be finished soon. The approach lights system installation will be finished soon and is expected to be operational and certified by the FAA in early 2015. SAAC met on December 15, 2014 and reviewed the Sumner Properties LLC proposal.

b) Portsmouth International Airport at Pease ("PSM")

As of November 30, 2014, enplanements have exceeded 41,000, an increase from 22,000 in 2013. Allegiant is operational while troop flights and corporate activity has increased. Allegiant will add flights to and from Punta Gorda, Florida beginning in February, 2015 to early May, 2015.

c) Noise Line Report

Director Lamson reported that she had received calls from two people regarding the responses they had received from PDA to their noise complaints. Director Lamson asked that more detailed responses be given to the callers regarding their inquiries. Director Torr noted that there was a positive comment received on the Noise Line. Vice Chairman Loughlin asked about the percentage of troop flights versus commercial activities. Mr. Hopper believed that the troop flights account for more than 50% of the flight traffic.

Mr. Hopper reported that the PDA Noise Line received 25 inquiries in November, including 21 inquiries regarding the helicopters; 3 inquiries regarding fixed wing aircraft; and one inquiry regarding a Pilatus aircraft. Director Bohenko asked if PDA will work with Great Bay Community College on its new flight training program. Director Bohenko asked for a follow up report as to the type of aircraft that will be uses and the activity that will result from the program. Mr. Hopper reported that Seacoast Helicopter will increase its fleet with one to two R-22 helicopters to accommodate training flights. Training flights take place over the Airport.

B. Approvals

1. Vacation Buy Back Program

Director Allard moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to implement an annual leave buyback program for qualified PDA employees on the terms and conditions set forth in the presentation from Irving Canner, Director of Finance, dated December 18, 2014 and attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

2. 100 International, LLC – Smoking Area Kiosk

Director Bohenko moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby approves and authorizes 100 International, LLC to construct a smoking area kiosk on the premises located at 100 International Drive; all in accordance with the memorandum of Maria Stowell, P.E., Manager - Engineering dated December, 8, 2014 attached hereto. Discussion: None. Disposition: Resolved by unanimous votes for; motion carried.**

3. Old Tex Mex, LLC – Loading Dock

Director Lamson moved and Director Allard seconded that **The PDA Board of Directors hereby approves of and authorizes Old Tex Mex, LLC to construct a loading dock ramp at its premises located at 68 New Hampshire Avenue, subject to the resolution of the drainage issues as outlined in the memorandum in Maria J. Stowell, P.E., Engineering Manager, dated December 8, 2014 and attached hereto. *Note: Vice Chairman Loughlin recused himself from the vote and discussion due to a conflict of interest.* Discussion: In response to Director Lamson, Maria Stowell, PDA Engineer, reviewed the location and uses of the loading dock. Disposition: Resolved by 5 votes for; 1 abstention (Loughlin); motion carried.**

4. Freedom Ring Communications - Generators

Director Preston moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby approves of and authorizes Freedom Ring Communications, LLC dba Bay Ring Communications to install generators at the premises located at 11 Manchester Square and 77 Aviation Avenue, subject to the stipulations outlined in the memorandum in Maria J. Stowell, P.E., Engineering Manager, dated December 9, 2014 and attached hereto. Discussion: None. Disposition: Resolved by unanimous votes for; motion carried.**

5. Bills for Legal Services

Director Torr moved and Director Lamson seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds in the total amount of \$4,706.00 for legal services rendered to the Pease Development Authority by:**

1.	Anderson & Kreiger		
	Through October 31, 2014	\$	765.00
	Through November 30, 2014		<u>3,825.00</u>
2.	Sheehan Phinney Bass + Green		
	Through October 31, 2014	\$	<u>116.00</u>
		Total	<u>\$4,706.00</u>

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

XII. Division of Ports and Harbors

A. Division Director's Reports

Tracy Shattuck, Chief Harbor Master, on behalf of Division Director Marconi, reported on the activities at the Market Street Terminal, including the final clean up of the scrap metal operations and the pavement

repairs by Grimmel. ME DOT has begun staging for the Long Bridge replacement project. Director Allard asked if Grimmel's repairs were satisfactory and if the dock damage was Grimmel's responsibilities. Director Allard also inquired about the status of the cleanup of metal debris that fell into the Piscataqua River. Chief Harbor Master Shattuck reported that Grimmel will clean up the metal debris in the river.

1. Port Advisory Council

The Port Advisory Council did not meet in December.

B. Approvals

1. Bills for Legal Services

Director Allard 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 \$21,362.95 for legal services rendered to the Division of Ports and Harbors by:**

1. Sheehan Phinney Bass + Green	
Through October 31, 2014	\$ 435.00
	\$7,374.00
Through November 30, 2014	\$3,074.00
	<u>\$3,913.95</u>
Total	<u>\$21,362.95</u>

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

XIII. New Business

Attorney Hinchee informed the Board that 19 years ago Ryan Fitzsimmons (Gigunda Group) personally started a program called "Project Blanket." Fleece blankets are donated to a charity of one's choosing. To participate, just e-mail the name of a charity to Project Blanket and Project Blanket will, in turn, send 24 fleece blankets to the charity. To date, more than 54,000 blankets were donated.

XIV. Upcoming Meetings

A. Proposed 2015 Meetings Schedule

Vice Chairman Loughlin presented a proposed meeting schedule for 2015 and asked that the Directors let Mr. Mullen know if there are any conflicts. All Board and Committee meetings begin at 8 a.m. unless otherwise posted.

XV. Directors' Comments

Director Preston reported that he was reappointed by the Senate President to the PDA Board of Directors for a three year term, and that Director Allard was reappointed by the Speaker of the House to the Board for a three year term. Director Allard thanked Bill Bartlett for his efforts regarding the reappointments.

XVI. Non-Public Session

The Non-Public Session was not held.

XVII. 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 9:17 a.m.

XVIII. Press Questions

No members of the Press attended the meeting.

Respectfully submitted,



David R. Mullen
Executive Director/Secretary