

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

Thursday, March 19, 2015

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

Acting Chairman Preston called the meeting to order at 8:07 a.m. in the Board conference room, 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire. Due to the participation by Director Allard via telephone, all votes were taken by roll call.

II. Acceptance of Board Meeting Minutes: February 5, 2015

Director Bohenko moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the February 5, 2015 Board meeting.** Discussion: None.
Disposition: Resolved by unanimous roll call vote; motion carried.

III. Public Comment

State Representative Laura Pantelakos made comments about: Promote Our Port's ("POP") ongoing efforts to bring cruise ship service to the Market Street Terminal and a letter sent to the Board; POP's meeting with a cruise ship line representative and the time frame to bring a cruise ship to the Terminal; future of operations at the Market Street Terminal ("Terminal") to replace scrap metal revenues; airline activity at the Portsmouth International Airport at Pease ("PSM") and the lack of consistent airline service at PSM; the need to explore catamaran/cruise ship services to Cape Cod; and the need to establish a long term plan for Terminal operations. Representative Pantelakos asked the Board to respond to POP's letter previously submitted to the Board by POP regarding future activities at the Terminal.

Bill Hopper, Airport Manager, reported that for the past 18 months Allegiant Airlines ("Allegiant") has provided regularly scheduled airline services to Florida from PSM and reviewed PDA's ongoing airline marketing efforts. Mr. Hopper reviewed the services provided by Dan Fortnam, PDA's airline consultant.

Director Bohenko requested that a Port Committee meeting be scheduled for a review of Terminal operations, use of the laydown areas and to tour the Terminal area. Director Bohenko noted that ME DOT operations at the Terminal related to the Long Bridge replacement will replace the Grimmel Industries' revenues for three years, but that a long term operations plan needs to be drawn up. Director Torr concurred with Director's Bohenko's suggestion.

Director Lamson suggested that Representative Pantelakos meet with Airport Operations staff to review the history and constraints of airlines services at Pease. Acting Chair Preston asked that POP provide any information regarding proposed cruise ship services to Geno Marconi, Division Director and thanked Representative Pantelakos for her years of service to Portsmouth and the State of New Hampshire.

IV. Old Business

No old business was brought before the Board.

V. Finance Committee Report

Director Bohenko reported that the PDA Finance Committee met on March 16, 2015 to review PDA's finances. A presentation was made by Irv Canner, PDA Finance Director, regarding a plan for PDA's accelerated debt repayment, which the Committee recommended go forward. The Committee was also briefed on the proposed Capital Improvement Plan for FY 2015 – FY 2022.

A. Financial Reports

1. Operating Results for the Seven Month Period Ending January 31, 2015

Mr. Canner reported on the status of PDA FY 2015 finances for the seven month period ending January 31, 2015, including operating revenues and expenses. With the exception of utilities, all operating expenses are under budget. Snow removal costs for February specific to employee overtime are expected to be over budget by approximately \$70,000 due to the extraordinary snow storms in February. Total snow removal cost from January to the end of March, 2015 is approximately \$350,000. Mr. Canner reviewed the operating trends and revenues. Seasonal staffing is starting to increase with the early hiring of seasonal employees at the Golf Course Maintenance Department. The organizational chart was updated to include the IT position as part of the Finance Department. Mr. Canner reviewed the changes in the Balance Sheet including capital expenditures of approximately \$4.7 million and a decrease in Accounts Payables. Mr. Canner reported that there were 4,100 enplanements as of February 28 at PSM, which is a 30% increase from the same period last year; and that fuel sales have decreased at Skyhaven Airport (DAW) due, in part, to less flying activity because of the winter weather. PDA has paid approximately \$1.4 million in support of DAW since its transfer to PDA in 2009. The Golf Course bar and grill sales are approximately 30% ahead from the same period last year and simulators' revenues remain flat.

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

Mr. Canner reviewed PDA cash flow projections for the nine month period ending November 30, 2015. There are approximately \$2.2 million dollars worth of grant related capital projects including the DAW runway project for a total of approximately \$4.4 million in total capital expenditures. Mr. Canner reviewed how the working capital line of credit will be used to pay for projects. Upcoming projects may include purchase of snow removal equipment. Mr. Canner reviewed the use of the revolving line of credit with Provident Bank to meet timing differences of the grant funded projects. Mr. Canner also reviewed PDA's debt structure and cost of capital.

3. Capital Improvement Plan (FY 2015 – FY 2022)

Mr. Canner reported that the updated list of capital projects contains 137 projects with 24 projects eligible for grant funding. Staff have reviewed and prioritized the projects. Each capital project will be brought to the Board for approval. Mr. Canner reported that the total costs of the projects are approximately \$51 million with approximately \$34 million provided from grants. Seventy percent of funds will be dedicated to airport projects including work on the Pease runway required by the NH ANG KC 46-A program. Mr. Canner reviewed the categorization of the projects. Mr. Canner reviewed the effect of the projects on PDA's cash balances, investments, and long term debt structure. Internally funded projects, including Tradeport intersection improvements, Airport Terminal improvements, and the Golf Course clubhouse expansion, will cost approximately \$17 million.

In response to Director Lamson, Mr. Hopper reported that Allegiant has had 80 – 90% ridership since

the beginning of its operations at PSM. Mr. Canner reported that capital improvement plan includes improvements based on the anticipated future success of the Airport. Mr. Canner reviewed how cash balances would be built up, PDA's debt structure, and use of the revolving line of credit to finance the projects. PDA's cost for grant funded projects is approximately five percent of the individual project.

Acting Chairman Preston noted that since its inception, the Legislature has made PDA responsible for the Tradeport, the Division of Ports and Harbors, and Skyhaven Airport. PDA has paid approximately \$1.4 million in support of Skyhaven Airport since its transfer to PDA in 2009. Director Torr inquired about intersection improvements and the responsibility of the maintenance of streets, street lights, and sidewalks. Maria Stowell, PDA Engineering – Manager, informed the Board that due to increasing traffic on the Tradeport, some intersections need to be reworked to handle the traffic capacity. The City of Portsmouth (COP) is responsible for street maintenance, such as pothole repairs, and PDA is responsible for the costs when the entire intersection needs to be reconfigured to handle the traffic capacity. Director Bohenko reviewed the process that COP uses to assign funds proportionally for the maintenance of Tradeport streets and street lights at a cost of approximately \$3.3 million biennially. Director Bohenko will provide the Board with a copy of COP's pavement study. Ms. Stowell reviewed the intersection improvements that PDA made at Grafton/Corporate Drives to deal with traffic bottleneck. Director Lamson noted that the Transportation Committee is concerned with the new traffic patterns at Pease Boulevard and Arboretum Drive. Ms. Stowell noted that developers are responsible for sidewalks and street lights in front of the developed property. PDA is responsible for sidewalks to connect the various properties. PDA is working with COP on the street lights as COP pays for a fixed number of lights.

Director Bohenko asked that Staff update the Board on the Transportation Infrastructure Improvement fees (TIIF) assessed to Tradeport lessees. Attorney Hinchee explained that since 2000 leases contain provisions for TIIF but that PDA has not implemented the collection of TIIF because infrastructure improvements are done when traffic warrants are met and none of the intersections have met the traffic warrants threshold. The intersection improvements at Grafton/Corporate Drive were paid for by PDA and were done in conjunction with the multi-use path project. Director Bohenko felt the collection of TIIF is a policy decision of the Board. Attorney Hinchee advised the Board and staff to discuss the matter before any implementation of collection the TIIF begins because the fee collection may be challenged by tenants. Director Bohenko is concerned that lessees are holding the funds as a liability. Director Bohenko asked for a list of all leases that contain the TIIF provision and the fees; then bring the information to the Board for the Board to vote to either collect the fees or repeal the lease provision.

B. Approvals

1. Provident Bank – Accelerated Debt Repayment

Director Lamson moved and Director Allard seconded that **In accordance with the recommendation of the PDA Finance Committee, the PDA Board of Directors hereby authorizes the Executive Director to accelerate the repayment of the State of New Hampshire Guaranty Notes currently outstanding with the Provident Bank subject to written confirmation by Provident Bank of its determination that the long term debt payment satisfies the loan's working capital requirements; and all otherwise in accordance with the memorandum of Irv Canner, Director of Finance dated March 12, 2015, attached hereto. Note: Roll call vote required.** Discussion: Director Lamson and Acting Chairman Preston commended Mr. Canner for his efforts regarding the debt repayment plan. Disposition: Resolved by unanimous roll call vote; motion carried.

VI. Licenses/Easements/Rights of Way/Options

A. Approvals

1. Great Circle Catering - Terminal

Director Bohenko moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute an Extension to the Right of Entry with Great Circle Catering to extend the term for a period of six (6) months beginning April 1, 2015 and to include one (1) six (6) month option to extend the term through March 31, 2016 exercisable at the Executive Director's sole discretion; all on the same terms and conditions set forth in the Right of Entry dated September 16, 2014 and the memorandum of Kim W. Hopper, Airport Manager, dated March 11, 2015, attached hereto. Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried.**

VII. Leases

A. Reports

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

1. NH Avenue Retail Center, LLC

NH Avenue Retail Center, LLC entered into a sublease with Dover Women's Health, PA for 1,342 square feet at 14 Manchester Square for a medical office with a base term of three years and two 3 year options to extend. Director Lamson approved the sublease.

B. Approvals

1. International Association of Privacy Professionals – Amendment

Director Torr moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into Lease Amendment No. 4 with International Association of Privacy Professionals, Inc. for the Premises located at 75 Rochester Avenue, Units 3 and 4 to add a Right of First Refusal for Unit 2; upon substantially similar terms and conditions contained in draft Lease Amendment No. 4 attached hereto. Note: Roll call vote required. Discussion:** In response to Director Lamson, Mr. Mullen provided a brief history of IAPP's business operations and the growth of its operations. Disposition: Resolved by unanimous roll call vote; motion carried

2. Two International Group – 85 NH Avenue Concept Plan

Director Lamson moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby approves of the Concept Plan submitted by Two International Group, LLC ("TIG") attached hereto for the premises located at 85 New Hampshire Avenue; subject to the resolution of the items and all other terms and conditions set forth in the memorandum of Maria J, Stowell, P.E., Manager - Engineering, dated March 6, 2015 attached hereto and such other governmental permits as required. Note: Roll Call vote required. Discussion:** Dan Batting, architect for TIG, showed renderings and reviewed the concept plan for the proposed two story, 28,800 square foot building. Ms. Stowell informed the Board that the 20 acre site was subdivided. Mr. Batting reviewed the green areas, the parking areas. Director Lamson asked about the wetlands. Mr. Batting reviewed how the low value manmade wetland that has no significant habitat was created during an earlier construction project. Ms. Stowell advised the Board that TIG will seek approval to fill it and she wanted the Board to be aware of that TIG will request a wetland permit to do so. Director Torr asked if underground parking was considered. Mr. Batting explained that underground parking was not a viable option and noted that with the planned parking the site would still have 46% open space. Director Lamson asked about the snow storage plans for the site. Mr. Mullen informed the Board that the developer wants conceptual approval for the project before going further. Director Lamson expressed her discomfort in voting for the project before the new Chairman of the Board is seated. Attorney Hinchee noted that if there are no changes to the plan, then the project developer would submit the project to the City for review and approval. If there are

substantial changes to the plan, the project would have to come back to the Board for review and approval. Ms. Stowell reported that the developer has been put on notice as to issues that will have to be resolved before the project can go ahead. The developer believes that the issues can be solved without making changes to the building. Mr. Mullen informed the Board that the plan is conceptual and TIG has worked with PDA staff to develop an acceptable plan. The project will be reviewed further when it is presented to the City. Director Lamson again expressed her concern about voting for the project before the new Chairman is seated. Disposition: Resolved by 4 roll call votes yes, 1 vote no (Lamson); motion carried.

VIII. Contracts/Agreements

A. Approvals

1. Golf Course Clubhouse Expansion – Construction Manager

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

- 1. enter into a contract with H.L. Turner Group, Inc., PDA’s consultant, in the total amount of \$89,800 for architectural and engineering services related to the Pease Golf Course Clubhouse Expansion project; and**
- 2. enter into a contract with Pine Brook Corporation of Kittery, ME to act as construction manager for the Pease Golf Course Clubhouse Expansion project.**

The Board also authorizes payment of \$16,950 to Pine Brook Corporation for project related pre-construction services; all in accordance with the memorandum of Maria J. Stowell, P.E., Engineering Manager, dated March 11, 2015, attached hereto. **Note: Roll call vote required.** Discussion: Ms. Stowell reviewed the proposed improvements to the clubhouse kitchen and bar area. The Golf Committee reviewed the project at its December 2014 meeting and a project budget was set at \$1.2 million. PDA will work with the construction manager during the design phase so that the project will be tailored to meet the budget and give PDA a guaranteed maximum project price before construction begins. The project is expected to be presented at the August Board meeting for the Board’s review and approval. Disposition: Resolved by unanimous roll call vote; motion carried

2. Dan Fortnam – Contract Extension

Director Torr moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to enter into Amendment No.8 attached hereto to extend the Consulting Agreement with Daniel Fortnam through September 30, 2015 with one (1) option to extend through March 31, 2016 exercisable at the Executive Director’s sole discretion. Note: Roll call vote required.** Discussion: Mr. Mullen reported on Mr. Fortnam’s consultant activities and his efforts to secure international air service. Disposition: Resolved by unanimous roll call vote; motion to table carried.

3. Non-Hazardous Solid Waste Removal Services

Director Bohenko moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a contract with Pinard Waste Systems Co., Inc. for the purpose of providing non-hazardous solid waste removal services at Pease Development Authority facilities for an initial period of one (1) year and one (1) one (1) year option to extend exercisable at the sole discretion of the Pease Development Authority; all in accordance with the memorandum of Joseph McPherson, PDA Facilities Resource Manager, dated March 12, 2015 attached**

hereto. Note: Roll call vote required. Discussion: None. **Disposition:** Resolved by unanimous roll call vote; motion carried

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. Some seasonal staff has started working in the Golf Maintenance department. Eight golf leagues will return this season and the Golf Course may have a record season for rounds of golf played in outings. April 10th is the projected opening date. The simulator use during the winter matched last winter's use. The membership drive is ongoing with 201 adult passes sold to date. A membership open house will be held on March 21 at the clubhouse. The Spring Trial Pass program will be starting. Director Lamson commended the Golf Committee and Golf Course staff for all of their efforts. Mr. DeVito thanked to Board and the Engineering staff for their efforts to upgrade the Golf Course and the clubhouse. Mr. DeVito reported that the new drainage system is working well. Mike Mates, PDA Engineer, has created a GPS program of the drains

2. Airport Operations

Bill Hopper, Airport Manager, reported on aviation activities.

a) Skyhaven Airport ("DAW")

The approach lights were flight checked and certified by the FAA. A runway grand opening will be held on May 16, 2015. The "Wings and Wheels" fund raising event will be held on June 20, 2015.

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

Mr. Hopper reported that Allegiant Airlines is doing very well with passengers from all New England and New Brunswick, Canada. Mr. Hopper thanked the PDA snow crews for all of their efforts during the February snow storms. Crews worked for three weeks straight without a day off to keep the airfield clear.

Acting Chairman Preston noted that a new facility will open in Punta Gorda, Florida in the Fall; and he also commended the snow removal crew for their efforts. Director Lamson commended Sandra McDonough, PDA's noise liaison.

c) Noise Line Report

Mr. Hopper reported that the PDA Noise Line received a total of 10 inquiries in January and February. Seven inquiries were about helicopter activity including a news helicopter; two inquiries were about fixed wing activity in the Greenland and Lee, New Hampshire areas; and one inquiry was about NH ANG flight activity in the Farmington, NH area. Mr. Mullen asked why the medical services flights are no longer flying. Mr. Hopper reported that the company that provided medical services flights has gone out of business.

Director Lamson informed the Board that Port City Air and Seacoast Helicopters are working together to sell helicopters. The Airport Committee will meet to review the proposal. Director Lamson asked that the meeting be held at least one week before the Board reviews the proposal to allow ample time for review and public comment.

B. Approvals

1. Airport Operations Staff Position

Director Allard moved and Director Torr seconded that **In accordance with the provisions of Section 3.11 of the Second Amendment to By-Laws of the Pease Development Authority, the Pease Development Authority Board of Directors hereby approves of and authorizes the Executive Director to create the full time position of Airport Operations Specialist; and further authorizes the Executive Director to immediately fill said position with an appropriately qualified candidate; all in accordance with the memorandum of Kim W. Hopper, dated March 3, 2015 attached hereto. Note: Roll call vote required.** Discussion: Director Bohenko asked if resources were reallocated or if the position is an increase to the organizational chart. Mr. Mullen reported that the position is an increase to the organizational chart and will provide flexibility to the airport operations' schedules. Mr. Hopper and Elizabeth LaBonte, PDA Human Resources Director, reviewed the history of and changes in staffing positions needed to accommodate a staff member who is a member of the Air National Guard ("Guard") and to provide scheduling flexibility while maintaining around the clock coverage at the Airport. Director Bohenko asked for clarification as to the PDA's obligations to and the benefits given to the employee who is in the Guard. Ms. LaBonte reported that the Guard is working closely with PDA to minimize the impact on the employee's schedule. Attorney Hinchee informed the Board that due to changes in the Fair Labor Standards regarding hourly employees, job classifications were changed. Staff positions were restructured to schedule employees as hourly and provide flexibility, thus creating the need for more staff resources to cover hourly positions. The new position is being created in response to the need for scheduling flexibility. Director Bohenko inquired about the job duties, wages, and job qualifications. Ms. LaBonte reported that the new position will be filled by a qualified employee who had temporarily filled the position while the other employee was being trained by the Guard. Mr. Hopper reviewed the job qualifications and confirmed that both employees are fully qualified. Director Lamson confirmed the hourly wages for the new position. Disposition: Resolved by unanimous roll call vote; motion carried

2. Bills for Legal Services

Director Lamson 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 \$95.00 for legal services rendered to the Pease Development Authority by:**

1. **Anderson & Kreiger**
Through January 30, 2015 \$ 95.00

Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried

X. **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 on March 18, 2015. The Northeast Regional Ocean Planning Council gave a presentation regarding regional ocean planning and its vessel data collection program to determine maritime routes and activities of various types of vessels. The data is then used to create maps showing the maritime traffic routes. The Council plans to review one mooring issue at each meeting. The Council reviewed the issues with the mooring balls identification system. Division staff met with Chris Snow, Port Advisory Council member, is also working on the mooring ball identification issue. The Division has created a computer GPS program that can identify the location of each mooring and allows the harbor masters to deal with mooring ball problems immediately. When out in the field, the harbor masters uses a lap top computer to access the GPS program. The harbor master can then immediately contact the mooring

owner. The GPS program is also used to identify what types of boats will fit in the mooring field when a mooring becomes available.

The Council sent a letter to the US Coast Guard regarding problems in the Back Channel area. Director Bohenko advised the Board that City will send a letter clarifying the paragraph regarding the water pipeline in the March 2, 2015 letter the Council sent to the Coast Guard regarding the New Castle bridge replacement regarding the amount the City is estimated to save.

B. Approvals

1. Pda Administrative Rules Amendments - Various

Director Torr moved and Director Lamson seconded that **The Pease Development Board of Directors hereby approves the Initial Proposal for the readoption with amendments to Administrative Rules:**

- a. Pda 311.01 Pilot Fee Schedule
- b. Pda 512.01 Mooring Fee Schedule
- c. Pda 610.01 Fee Schedule (State Owned Commercial Piers and Associated Facilities)
- d. Pda 710.01 (Slip Permits; State-Owned Restricted Piers)

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 March 10, 2015, attached hereto. Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried

2. Hampton Harbor Marine Facility – Security System Repairs

Director Bohenko moved and Director Lamson seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to enter into a contract with Monadnock Security Systems (“Monadnock”) of New Ipswich, NH, for repairs to the video surveillance system at the Hampton Harbor Marine Facility in the total amount of \$27,926 (including a contingency of \$2,500). As previously approved by the Capital Budget Overview Committee, said funds will be drawn from the Harbor Dredging and Pier Maintenance Fund.**

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

- 1. Monadnock provided and installed the original system; and
- 2. Monadnock has a working knowledge of the system and can expeditiously make the repairs.

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

3. Right of Entry – Adventure Fishing Charters

Director Lamson 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 Adventure Fishing Charters for marine charter vessel operations located at the Hampton Harbor Marine Facility; all otherwise in accordance with the terms and conditions set forth in the memo of Geno J. Marconi, Division**

Director, dated March 11, 2015, and attached hereto. Note: Roll Call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried

4. Bills for Legal Services

Director Allard 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 \$948.00 for legal services rendered to the Division of Ports and Harbors by:

1.	Susan Marshall, Esq. Through March 2, 2015	\$600.00		
2.	Sheehan Phinney Bass + Green Through January 31, 2015	\$174.00 <u>\$174.00</u>		
			Total	\$948.00 =====

Note: Roll call vote required. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried

XI. New Business

No new business was brought before the Board.

XII. Upcoming Meetings

Audit Committee	April 1, 2015 @ 8:30 a.m.
Board of Directors Meeting	April 16, 2015

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

XIII. Directors' Comments

Director Torr advised the Board that he will not be available to attend the Port Committee meeting on April 2, 2015.

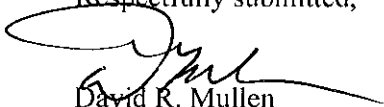
XIV. Adjournment

Director Torr moved and Director Bohenko seconded to adjourn the Board meeting. Discussion: None. Disposition: Resolved by unanimous roll call vote; motion carried. Meeting adjourned at 9:45 a.m.

XV. Press Questions

No members of the Press attended the meeting.

Respectfully submitted,



David R. Mullen
Executive Director/Secretary