

**PEASE DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS
MINUTES**

**Thursday, December 14, 2017
ANNUAL MEETING**

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

I. Call to Order

Chairman Smith called the meeting to order at 9:04 a.m. in the Board conference room at 55 International Drive, Pease International Tradeport, Portsmouth, New Hampshire.

II. Acceptance of Minutes: November 16, 2017

Director Lamson moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby accept the Minutes of the November 16, 2017 Board meeting.** Discussion: None. Disposition: Resolved by unanimous vote for; motion carried.

III. Employee Recognitions

David Mullen, Pease Development Authority (“PDA”) Executive Director, and Tanya Coppeta, PDA Employee Relations Manager, recognized the following PDA employees for their years of service:

25 Years:

Lynn Hinchee, Deputy Executive Director and General Counsel
Dane Kirkwood, Facilities
Robin Page, Administrative Assistant

Each was awarded a certificate of service and \$250

20 Years:

Timothy Riese, PGA Professional

Tim was awarded a certificate of service, \$100 and his name will be engraved on the PDA plaque for long term employees

15 Years:

Beth Demaine, Administrative Assistant
Tony Gradi, Assistant Electrician
Liz LaCava, Administrative Assistant

Each were awarded a certificate of service and \$50

10 Years:

Irv Canner, Finance Director
Susan Coleman, Payroll Accountant
Wayne Merritt, Ops Specialist

Each were awarded a clock.

IV. Public Comments

There were no public comments.

V. Old Business

There was no old business.

VI. FAA Training – Grant Assurances

Jorge E. Panteli, ANE Compliance and Land Use Specialist for the FAA, provided training on the FAA Grant Assurances (“GA”), discussing compliance with the 39 Assurances that are included with the FAA Grant Applications, Sponsor obligations, Surplus Property Deeds, and specifically explaining GA #5 (Preserving Rights and Powers), #19 (Operation and Maintenance), #21 (Compatible Land Use), #22 Economic Nondiscrimination), #23 (Exclusive Rights), #24 (Fee and Rental Structure), #25 (Airport Revenues) and #29 (Airport Layout Plan) which are the most common obligations. *Note: Director Bohenko stepped out of the room at 9:30 a.m. and returned at 9:34 a.m.*

VII. Finance Committee Report

A. Financial Reports

1. Operating Results for Four Month Period Ending October 31, 2017

Irving Canner, PDA Director of Finance, reported on the status of PDA FY18 operating results for the four month period ending October 31, 2017. Revenues are up 2.1% and operating costs slightly below budget at 2.4%. There is a positive trend in the revenues with fees revenues from golf fees, golf memberships, etc., resulting in \$97,000 above budget at this point. Fuel sales are above budget driven by Hampton Harbor. The target operating budget for the year is \$14.3 million. Operating expenses of personnel services and benefits reflect an increase due to overtime stemming from the number of enplanements we have had as well as activity at the waterfront. The current staffing is 114 people as of the end of the October. The organization chart is current and does show the fulfillment of our last open position we had at Airport Operations. Lynn Hinchee, PDA Deputy Executive Director and General Counsel, noted that as of December 1, 2017, Mark Gardner, PDA Deputy General Counsel, has gone to part-time status which will be reflected in next month’s chart.

In response to Director Lamson’s question about the deficit of \$1.6 million since taking on Skyhaven Airport (“DAW”), Mr. Canner reported that such deficit represents not only operating results of DAW, but capital expenditures less grant monies received, and the repayment of \$100,000 in debt. This net operating deficit from DAW has been absorbed by the PDA primarily through the net operating income from the Tradeport.

Mr. Canner reviewed the Balance Sheet, discussing cash balances and the breakdown between restricted and unrestricted funds. The overall cash balances since June 30th are up to approximately \$6.3 million which represents a \$2.3 million increase from June 30, 2017. That figure focuses on the net operating figure (cash revenues minus expenses from income statement) which was about \$1.9 million. That amount is used to absorb capital expenditures which YTD is about \$650,000. The changes in accounts receivable went from \$1.3 million to \$500,000. The accounts payable went up for this period. As PDA looks forward over the next nine months, we have significant payments which will be made from PDA cash flow. The Construction in Process (“CIP”) was about \$650,000 for the first four months of FY 18 primarily driven by DAW as we look to the taxiway project being completed for \$300,000 and the obstruction renovation project at Portsmouth International Airport at Pease (“PSM”) for \$258,000.

Mr. Canner discussed the Revolving Line of Credit (“RLC”) and reported that we have not had to use any funds from it so far this fiscal year. There is an annual payment in January to the City of Portsmouth of \$116,000. The total net position of unrestricted funds for FY2017 was a negative balance of \$352,000 that is now turned around to a positive balance of \$464,000.

Mr. Canner discussed the individual business units. At end of October 2017, PSM had over 91,000 enplanements. DAW fuel sales are flat in gallons sold to date. The Tradeport had operating income of \$2.9 million which is where the money comes from to absorb DAW operating losses and PSM operating losses. Golf Course operations show that the operating revenues are up 12% and operating expenses are in line with the budget and is contributing about \$550,000 to the net income pool. The fee revenues come from member play and non-member play. The Golf Course has exceeded 53,000 rounds of play, which is slightly less than last year. Bar and Grill sales to date are \$741,000 about 13% ahead of October 2016. The Division of Ports and Harbors (“DPH”) are generally in line with the budget. DPH is \$34,000 ahead of operating revenues while operating expenses are \$10,000 above budget. DPH saw \$90,000 in net operating income. Under restricted funds, the Foreign Trade Zone had expenses not normally seen but \$30,000 was previously approved by the Board and YTD DPH has spent \$9,000 in October and have spent \$26,000 to date.

2. Nine Month Cash Flow Projections to August 31, 2018

Mr. Canner reviewed PDA cash flow projections for the nine month period ending August 31, 2018, including sources of funds for grant funded and non-grant funded projects. The cash flow figure starting December 1, 2017 is approximately \$5.3 million and is projected to be \$5.2 million at August 31, 2018. We will dip down in January to under \$2 million in cash due to some significant capital expenditures in December and January, plus we have our property taxes due to the City of Portsmouth for \$1.3 million. We will start to rebuild our cash balances after these are paid. The outstanding debt to the City of Portsmouth is \$233,000 by the end of August. This debt has an interest rate of 4.5% and matures in 2020.

The capital expenditures grant related activity shows projects such as the Air National Guard taxiway with the first payment of over \$1 million paid this month, the construction mitigation projects and the terminal expansion study and design projects for \$600,000. At DAW, the taxiway paving project is finishing up as well as the purchase in April of a rotary plow for \$500,000. The non-grant related activity totaling \$670,000 include the completion of the Golf Course at Pease (“Golf Course”) bridge replacement project for \$190,000, the purchase of a sidewalk snow plow for PSM for \$105,000.

The credit facility with Provident Bank is a \$5 million facility expiring December 31, 2018. The current rate on the one-month FHL floating interest rate is 4.01% which is close to a 30% increase from where interest rates were last year at this time.

Mr. Canner discussed the cash flow for the DPH. The opening balance is \$735,000 and the closing balance for this period is \$470,000. The spike in January and February are related to the mooring permit fees that are collected. The Granite State Minerals contract is in effect. This replaced the State of Maine bridge project.

The Revolving Loan Fund (“RLF”) is one of our restricted funds and the cash balance at the end of December dropping down to \$28,000. The RLF has over \$1.1 million in it associated with loans and cash. There was a distribution this month of \$112,000 for the building of a new boat. We are pretty much maxed out with the RLF.

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

A. Reports

In accordance with the "Delegation to Executive Director: Consent, Approval and Execution of License Agreements," Mr. Mullen reported on the following:

1. Equine Architectural Products, Inc.

Mr. Mullen reported that Equine Architectural Products, Inc. was granted a Right of Entry for the period of November 27, 2017 through February 28, 2018 for the purpose of conducting the storage of plastic cable spools, related equipment and supplies on a portion of the former bulk fuel storage area of 119 Arboretum Drive.

B. Approvals

1. AMEC Foster Wheeler Environment & Infrastructure, Inc. – ROE

Director Preston moved and Director Torr seconded that **The Pease Development Authority Board of Directors hereby approves of and consents to extend the Right of Entry ("ROE") with AMEC Foster Wheeler Environment & Infrastructure, Inc. for the purpose of utilizing 3,200 square feet within the premises at 35 Airline Avenue for storing well testing equipment and associated materials. The extension is effective from December 1, 2017 through May 31, 2018; all on substantially the same terms and conditions as set forth in the Extension of Right of Entry dated November 17, 2017, attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

2. Port City Air, Inc. – ROE

Director Torr moved and Director Preston seconded that **The Pease Development Authority Board of Directors hereby approves of and consents to the extension of the Right of Entry ("ROE") with Port City Air, Inc. for the purpose of the storage of aircraft related ground support equipment. The extension is effective from January 1, 2018 through June 30, 2018 and may be extended an additional six (6) months subject to the approval of the Pease Development Authority Executive Director; all on substantially the same terms and conditions as set forth in the memorandum from Paul E. Brean, Airport Director, dated December 5, 2017, attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

3. UNH Professional Development & Training – Wetlands Classes ROE

Director Lamson moved and Director Allard seconded that **The Pease Development Authority Board of Directors hereby authorizes the Executive Director to execute a Right of Entry with UNH Professional Development & Training from January 1, 2018 through December 31, 2018, for the purpose of conducting wetland education classes on various areas on the Tradeport; on substantially the same terms and conditions set forth in the draft Right of Entry dated December 5, 2017 and attached hereto. Discussion: Director Lamson thought this was interesting and that Pease has a lot of wetlands for them to explore. Maria J. Stowell, P.E., Engineering Manager, explained that the class digs for soil samples and examines them. Disposition: Resolved by unanimous vote; motion carried.**

IX. Contracts/Agreements

A. Approvals

1. Cross Insurance and USI-New England, Inc. – PDA Insurance

Director Loughlin moved and Director Preston seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to enter into to a three (3) year insurance brokerage service agreement, (excepting workers compensation and property coverages), with Cross Insurance, Inc., and a three (3) year insurance brokerage services agreement for property coverage with USI – New England, Inc., which agreements will include two (2) one (1) year options to extend which may be exercised at the sole discretion of the Executive Director. Additionally, the Board further authorizes the Executive Director to accept and bind the insurance coverages as outlined on the schedule attached hereto, in the projected total amount of \$162,362.65 for the period of 12/31/17 through 12/31/18, in accordance with the memorandum of Mark H. Gardner dated December 7, 2017 and attached hereto. Discussion: None. Disposition: Resolved by unanimous vote; motion carried.**

2. Fred C. Church, Inc. – PDA Workers Compensation Coverage

Director Allard moved and Director Lamson seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to enter into to a three (3) year insurance brokerage service agreement for the provision of workers compensation coverage with Fred C. Church, Inc., which agreement will include two (2) one (1) year options to renew the agreement which may be exercised in the sole discretion of the Executive Director. Additionally, the Board further authorizes the Executive Director to accept and bind the workers compensation coverage renewal proposal from Fred C. Church, Inc. in the projected total amount of \$65,336 for the period of 12/31/17 through 12/31/18, in accordance with the memorandum of Mark H. Gardner dated December 7, 2017, and attached hereto. Discussion: Director Bohenko notes the drop in premium. Disposition: Resolved by unanimous vote; motion carried.**

3. Chadwick-Baross, Inc. – Purchase of Holder Sidewalk Tractor

Director Bohenko moved and Director Torr seconded that **The Pease Development Authority Board of Directors approves of and authorizes the Executive Director to enter into a contract with Chadwick-Baross, Inc. in a total amount not to exceed \$104,975.00 for the purchase of a Holder Sidewalk Tractor for use at the Portsmouth International Airport at Pease (“PSM”); all in accordance with the memorandum of Paul E. Brean, dated December 5, 2017, attached hereto. The funding has been allocated in the 2018 PSM Capital Expenditures Budget. Discussion: Director Bohenko notes the drop in premium. Disposition: Resolved by unanimous vote; motion carried.**

X. Executive Director’s Reports/Approvals

A. Reports

1. 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 need to be elected for 2018:

A. Vice Chairman

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

2. Committee Appointments

Chairman Smith appointed Directors to the following Committees:

Standing Committees

Executive Committee

Kevin Smith, Chair
Peter Loughlin, Vice Chairman
Robert Allard, Treasurer
Staff Contact: Mullen/Hinchee

Finance Committee

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

Airport Committee

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

Marketing and Economic Development Committee

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

Zoning Adjustment & Appeals Committee

Frank Torr, Chair
Peter Loughlin
Kevin Smith
Staff Contact: Hinchee/Stowell

Ad Hoc Advisory Committees

Capital Improvement and Land Planning Committee

Peter Loughlin, Chair
Robert Allard
Frank Torr
Kevin Smith
Staff Contact: Hinchee/Stowell

Golf Committee

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

Audit Committee

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

Transportation Management Committee

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

Port Committee

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

Legal Bill Review

Kevin Smith, Chair
Peter Loughlin
Frank Torr
Staff Contact: Hinchee

3. PDA Holiday Schedule

Chairman Smith reported that PDA employees will observe the following holidays in 2018:

New Year's Day		Monday	01/01/18
Martin Luther King/Civil Rights Day		Monday	01/15/18
Presidents' Day		Monday	02/19/18
Memorial Day	Observed	Monday	05/28/18
Independence Day		Wednesday	07/04/18
Labor Day		Monday	09/03/18
Columbus Day	Observed	Monday	10/08/18
Veteran's Day	Observed	Monday	11/12/18
Thanksgiving		Thursday	11/22/18
Day after Thanksgiving		Friday	11/23/18
Christmas Day		Tuesday	12/25/18

Full-time employees shall, on July 1, accrue and will be entitled to, (1) floating holiday of the employee's choice. However, in the event an employee does not utilize the floating holiday within one (1) year of its accrual, such floating holiday shall be forfeited. Floating holidays may not be utilized in hourly increments and must be taken as a full day off from work.

4. Golf Course Operations

Scott DeVito, PGA General Manager, reported on the activities at the Pease Golf Course. The last day to play outside was December 3, 2017. The bridge work is ongoing and we are waiting for materials to come. The bid packet for the event tent is going out today. In response to Director Bohenko's question about the simulators, Mr. DeVito said use is picking up.

5. Airport Operations

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

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

The number of enplanements this month have surpassed the total 100,000 mark. Mr. Brean stated that in 2012, the number of enplanements was less than 3,000 enplanements. PSM should see over 110,000 enplanements for 2017. PSM has seen continued growth in every facet of the airport. The FAA finished their Part 139 annual inspection, there were no suggested corrective actions. There were two major construction projects wrapped up on at the time of the inspection with over 50 contractors on and off the airport at different times and there were no hazards or safety issues.

Allegiant confirmed their summer schedule to PSM. They will run more flights to Orlando and will run flights to Punta Gorda all year. Flights to Myrtle Beach will start the first week of June. By June, Allegiant will be changing its planes from the MD80 to A320 Airbus coming through PSM. The significance is the increase in the capacity of passengers from 130 to 180 passengers per plane. This could add an additional 280 passengers per week through the terminal just on the larger sized aircraft. It is realistic to see 120,000 to 130,000 enplanements next year. There is an increase in Port City Air, Inc. ("PCA") service to the Department of Defense.

PSM got seven inches of snow this week. It was the first snow storm that Mr. Brean saw from a snow removal operational aspect. Mr. Brean complimented the maintenance staff on the snow removal and

expressed how impressed he was with the commitment of the maintenance and operations staff. Mr. Brean had always heard in the industry that PSM was renowned for its snow removal but it was nice to see it in action.

b) Skyhaven Airport

Mr. Brean reported that there was an uptick in fuel sales for October and signed a couple of T-hangar rentals.

c) Noise Line Report

There were a total of 96 noise inquiries at PSM during the month of November. There were 40 inquiries regarding rotor activities; originating from four residences: three Portsmouth residences and one Rye residence. There were 56 inquiries regarding fixed wing activities from one residence in Newmarket.

B. Approvals

1. Bills for Legal Services

Director Loughlin moved and Director Preston seconded that **The Pease Development Authority Board of Directors authorizes the Executive Director to expend funds up to \$37,551.51 for the following legal services rendered to the Pease Development Authority:**

1.	Anderson & Kreiger, LLP Through October 31, 2017 Through November 30, 2017	\$884.50 <u>\$148.50</u>	\$1,033.00
2.	Kutak Rock LLP General/Through October 31, 2017 CLF/Through November 30, 2017	\$102.50* <u>\$3,260.00</u>	\$3,362.50
3.	Sheehan Phinney Bass + Green PA Tradeport-General Through October 31, 2017 Regulatory Issues-Port Through October 31, 2017 CLF/Through October 31, 2017	\$325.00 \$5,916.00 <u>\$26,915.01</u>	<u>\$33,156.01</u>
Total			<u>\$37,551.51</u>

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

XI. Division of Ports and Harbors

Geno J. Marconi, Division Director, reported on the Division activities and the approvals sought before the board represent the current business at the Port.

A. Reports

1. Port Advisory Council

Geno Marconi, Division Director, reported that the Port Advisory Council (“PAC”) met on December 6, 2017 and that he will include the approved minutes of previous meeting for the Board’s information. Mr. Marconi discussed the designee to the PAC and that Jeff Gilbert has been named.

Mr. Marconi reported that today the Division of Motor Vehicles (“DMV”) and the Division of Ports and Harbors (“DPH”) are holding a commercial licensing and permit day, to allow commercial fishermen to renew vessel registrations and fishing licenses at the DMV offices in Dover, NH instead of having to go to Concord, NH to complete the registrations.

Mr. Marconi reported the death of Robert Condon, Harbormaster, and the death of river pilot Peter “PJ” Johnson.

Mr. Marconi reported on the status of the plans to commission the USS Manchester ceremony in the spring at the port. There are some security issues that Grant Nichols is addressing.

Mr. Marconi reported that he is finalizing the application for the FTZ project and will submit it soon. One of the requirements is to notify the County Commissioners. He has written a letter and called them to say the letter is coming. He has met with some and will arrange to meet with others.

2. Commercial Mooring Transfers

Mr. Marconi reported that in accordance with the “Delegation to Executive Director: Consent, Approval and Execution of Mooring Permit Transfers,” commercial moorings were transferred for:

	<u>Permit</u>	<u>Business</u>	<u>Approval</u>
Rye Harbor	No. 838	Commercial Fishing	11/13/17
Transferor:	Richard Anderson		
Transferee:	Mary Hauze		
Rye Harbor	No. 7281	Commercial Fishing	11/13/17
Transferor:	Richard Anderson		
Transferee:	James Jones		

In accordance with the “Delegation to Executive Director: Consent, Approval and Execution of Documents and Expenditure of Funds for Emergency Repairs,” PDA entered into the following contract:

3. Richardson Electrical Co., Inc. – Emergency Lighting Repair

PDA contracted with Richardson Electrical Co., Inc. for the emergency repair of lighting at the Port Authority. The expenditure of \$15,430.00 was approved by Vice-Chairman Loughlin.

XII. New Business

There was no new business.

XIII. Upcoming Meetings

Chairman Smith presented the 2018 proposed meetings schedule and asked the Directors to let him know if any revisions need to be made. Chairman Smith reported that the following meetings will be held:

Board of Directors January 18, 2018

All Meetings begin at 8 a.m. unless otherwise posted.

XIV. Directors' Comments

In response to Director Allard's question about how much land is left for lease at the Port, Mr. Marconi stated that there is none at the moment but once the bridge project is completed, there will be approximately 2 acres available.

Director Lamson wanted to thank all the PDA Staff, particularly Dave Mullen, Lynn Hinchee and Maria Stowell, for their work on various projects and wished everyone a Happy Holiday.

XV. Adjournment

Director Allard moved and Director Torr seconded to **adjourn the Board meeting**. Discussion: None. Disposition: Resolved by unanimous vote for; motion carried. Meeting adjourned at 10:40 a.m.

XVI. Press Questions

No members of the press attended the meeting.

Respectfully submitted,



David R. Mullen
Executive Director