

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

Thursday, April 23, 2020

Pursuant to NH RSA 91-A:2 III (b) PDA Chairman Kevin Smith declared COVID-19 an emergency condition and waived the requirement that a quorum be physically present at the Board meeting in accordance with the Governor's Executive Order 2020-04, Section 8 and Emergency Order #12, Section 3. PDA Directors participated remotely and identified their location and any person present with them. Members of the public were allowed to participate by using the access information provided.

The moderator for this telephone conference was Greg Siegenthaler who will explain some procedures.

The meeting was audio recorded (there was no video component available), the audio of this meeting has been and posted on the Pease Development Authority website.

Recording of the meeting commenced at approximately 8:18 a.m. and at approximately 8:33 a.m. the moderator outlined the guidelines to the meeting.

AGENDA

I. Call to Order:

Chairman Smith ("Smith") called the meeting to order at 8:35 a.m.

Smith welcomed the PDA Board of Directors, PDA Staff, members of the public to the meeting of the Board of Directors. Further, Smith welcomed Director Erik Anderson ("Anderson"), representing the City of Portsmouth, to his first meeting of the PDA Board of Directors. Anderson indicated that the PDA staff have been very welcoming with all of his questions and thanked the PDA staff for the assistance he has received.

The Board of Directors confirmed their presence on the call, physical location, and advised if there were any other individuals present with them:

Chairman Kevin Smith was located in Londonderry, NH with no other individual(s) present.

Vice Chair Peter Loughlin was located in Portsmouth, NH with no other individual(s) present.

Treasurer Robert Allard was located in Ava Maria, FL with no other individual(s) present.

Erik Anderson was located in Portsmouth, NH with no other individual(s) present.

Peggy Lamson was located in Newington, NH with no other individual(s) present.

Neil Levesque was located in Concord, NH with no other individual(s) present.

Frank Torr was located in Dover, NH with no other individual(s) present.

Pease Development Authority ("PDA") staff on the telephonic call were Executive Director David R. Mullen ("Mullen"); PDA Deputy Director and Airport Director Paul E. Brean ("Brean"); General Counsel Lynn Marie Hinchee ("Hinchee"); Deputy General Counsel Anthony I. Blenkinsop ("Blenkinsop"); Finance Director Irv Canner ("Canner"); Engineering Manager Maria Stowell ("Stowell"); Golf Course General Manager Scott DeVito ("DeVito"); Division of Port and Harbors Director Geno

Marconi (“Marconi”); IT Director Greg Siegenthaler (“Siegenthaler”), Employee Relations Manager Tanya Coppeta (“Coppeta”) and members of the public.

II. Acceptance of Meeting Minutes: January 16, 2020

Director Torr **moved** the **motion** and Director Lamson **seconded** that the Pease Development Authority Board of Directors accept the minutes of the January 16, 2020 Board meeting.

Discussion: Smith indicated that he did not poll Anderson as he was not a Director at the January meeting.

Disposition: Resolved by unanimous (6-0) roll call vote for; motion carried.

III. Public Comment:

The moderator, Siegenthaler, reminded members of the public the process for recognition to provide public comment and asked that comments be limited to three minutes. Siegenthaler informed Chairman Smith that no virtual hands were raised to provide public comment.

IV. Audit - FY2020 Audit Engagement (Berry Dunn)

A. Reports:

1. Engagement Letter
2. Pre-Audit Communications

Canner informed the Board that both the Engagement Letter and Pre-Audit Communications are identical to the documents provided by Berry Dunn last year. The engagement letter outlines the services to be performed by Berry Dunn as well as outlining management responsibilities. The Pre-Audit Communications looks at both the timing and staffing of the audit. The audit will commence on June 15th and the reports will be issued by Berry Dunn by October 31st. This is the fifth year that Berry Dunn has performed the PDA Audit. The audit is a fixed fee and there has been no change in the amount of its services; for the second year Renee Bishop will be the principal assigned by Berry Dunn.

Director Lamson (“Lamson”) indicated that as a Finance Committee member, Canner and Berry Dunn have done an excellent job on the presentation to the Board.

Smith asked where this is the fifth year utilizing Berry Dunn, if PDA staff may have considered switching auditors or preparing an RFP. Canner indicated that the current agreement provided for two (2) one (1) year options and this is the first year of the option period. Canner further stated that there have been discussions about a potential RFP looking toward next year, but for now PDA is pleased that Berry Dunn will do this year’s audit.

V. Finance:

Smith stated that the Board package included an Executive Summary of the Financial Reports prepared by Canner and asked if there were any specific questions on the reports prior to advancing to the Approval. Smith asked Canner to briefly go over the financial reports and then opened the meeting up for questions.

A. Executive Summary

Canner's detailed report provided to the Board highlights each of the four (4) reports of standard materials with the exception of report 4 which is the Capital Improvement Plan that will be addressed later.

B. Reports:

1. FY2020 Financial Report for the Eight Month Period Ending February 29, 2020

Canner indicated that there were no significant budget variances. Referencing the Executive Summary the operating revenues are 4% above budget, primarily due to the wharfage and dockage activities and this past season's golf course related play revenues. Expenses are down about 2% and overall operating expenses are greater than expected, being the differential between the increased operating revenues and decreased operating expenses. The balance sheet is strong and PDA has no revolving debt at this time despite the continued terminal and runway construction activities at Portsmouth International Airport at Pease (PSM). Staffing numbers have remained consistent with no changes. There are currently sixty-five (65) filled (PDA and Port) positions and two (2) open benefited positions (which are not anticipated being filled at this time).

2. Cash Flow Projections for the Nine Month Period Ending December 31, 2020

This is where PDA starts addressing significant capital expenditures over the next nine months. Use of funds indicates expenditures of \$33 million dollars between capital grant related activities and non-grant capital activities. This will mandate that PDA access its Revolving Line of Credit (RLOC) in June/July. PDA will reach a highpoint of outstanding debt late in the year of approximately \$11.5 million dollars, but it is hoped that PDA will pay of approximately \$4.8 million dollars by the end of the calendar year and will end the year with approximately \$6.7 million dollars in outstanding debt (these projections are consistent with what has been seen in the prior periods).

3. Revolving Loan Fund – Semi-Annual Filing to EDA

This report is the Semi-Annual Filing to the Economic Development Administration (EDA) where PDA reports on its Revolving Loan Fund (RLF). The current balance in the fund is just over \$1.2 million dollars, comprised of just over \$1 million in outstanding loans. There are twenty-two (22) outstanding loans. Over time this program has created and/or saved just over 350 jobs; during this period there have only been two (2) loans that have been written off.

4. Capital Improvement Plan FY2020 - FY2026

This report looks at the Capital Improvement Plan for FY2020 – FY2026; this was a comprehensive undertaking by the entire staff / organization. Approximately 76 individual capital projects were identified with a projected cost of over \$111 million dollars; of which approximately \$71 million would be grant funded. Each project was subjected to a series of justifications (i.e.; support of health and safety, regulatory compliance, infrastructure improvements etc.). These justifications allowed staff to prioritize the projects. If each of these projects were undertaken, PDA would see a debt level of approximately \$13.5 million dollars. The primary projects for grant funding have to do with reconstruction activities at the runway and the terminal expansion. Internally funded projects were approximately \$41 million dollars,

consisting of various intersections, assisting at the terminal expansion / renovations and several building roofs that need to be replaced. This report is used more as a guideline, noting that each of these projects would need to be brought before the Board for approval. The checkmarks indicate priority 1 projects (representing things that need to be done versus being discretionary). The impact of doing all of the priority 1 projects would be a debt level of \$13.5 million. Canner also indicated that if PDA were to consider all A & B projects versus just A projects would provide PDA with a highpoint at end of 2021 of under \$6 million dollars and PDA would be out of debt by end of 2023. The capital projects expended would be over \$51 million dollars of capital projects expended for the A projects. As PDA tightly manages its cash in light of the virus, those are the projects that PDA will focus on going forward, which is what has been built into the projected cash flow.

Lamson stated during the last meeting in January, that the runway is approximately \$6 million and the terminal is \$10 million (\$16 million). Lamson asked for clarification - that by the end of 2023 PDA, after financing two projects with the RLOC, PDA will be out of debt. Canner indicated that if PDA were to focus on the A projects, PDA would be out of debt by 2023. Lamson indicated that the report was excellent: as a Finance Committee member she stated she was able to follow and was comfortable with it.

Director Loughlin (“Loughlin”) also stated that the Executive Summary was excellent, it hasn’t been used in the past, but has captured everything very succinctly and was very helpful.

Smith reiterated Loughlin’s comments regarding the Executive Summary.

C. Approvals:

1. Revolving Loan Fund - Interest Rate Reduction

Director Anderson moved the motion and Director Lamson seconded that **in accordance with the recommendation of the Revolving Loan Fund (“RLF”) Committee, effective May 1, 2020, the Pease Development Authority (“PDA”) Board of Directors hereby approves of and authorizes the Executive Director to:**

- 1. permanently modify all RLF loans not in arrears to reduce the interest rate from 4.00% to 3.00%;**
- 2. make any new loans at a 3.00% interest rate, so long as the loan is within the parameters of the EDA regulations and the PDA RLF Plan;**
- 3. pay any requested loan modification by any current borrower from the RLF fund; and**
- 4. execute any documentation approved by PDA’s Deputy General Counsel as necessary or appropriate to document these modifications and to implement this interest rate decrease;**

all in accordance with the Memorandum of Irving Canner, Director of Finance, dated April 9, 2020.

Discussion: Anderson stated he discussed this matter with Ritchie White and presently there are no loans in arrears; this program has been very successful and it will be a benefit to those who have loans or who will be getting loans.

Disposition: Resolved by unanimous (7-0) roll call vote for; motion carried.

VI. Licenses/ROEs/Easements/Rights of Way:

- A. Reports: Reports generated since January 16, 2020 will be made at the next regular Board Meeting**

VII. Leases:

- A. Reports: Reports generated since January 16, 2020 will be made at the next regular Board Meeting**

B. Approvals:

- 1. Cell Tower Lease Agreement Amendment with Green Mountain**

Director Torr moved the motion and Director Allard seconded that the Pease Development Board (PDA) of Directors hereby authorizes the Executive Director to complete negotiations and enter into Amendment 1 to the Lease between PDA and GMR Holdings of NH, LLC (“GMR”) in order to accommodate a change request of GMR to PDA’s current billing practices and move from monthly to quarterly billing; all in accordance with a memorandum from Irv Canner, Director of Finance dated March 4, 2020.

Discussion: None. Disposition: Resolved by unanimous (7-0) roll call vote for; motion carried.

C. Ratifications:

- 1. 119 International Drive, L.L.C. – Amended and Restated Lease**

Director Lamson moved the motion and Director Torr seconded that the Pease Development Authority (“PDA”) Board of Directors ratifies and approves the execution by the Executive Director of the Amended and Restated Lease with 119 International Drive, L.L.C. for the premises comprised of 15 Rye Street, 19 Rye Street and 119 International Drive effective September 19, 2019 on the terms and conditions summarized in the memorandum of Lynn Marie Hinchee, General Counsel, dated March 12, 2020.

Discussion: None. Disposition: Resolved by unanimous (7-0) roll call vote for; motion carried.

VIII. Contracts/Agreements:

- A. Reports: Reports generated since January 16, 2020 will be made at the next regular Board Meeting**

Smith noted to the extent possible, items requiring Approval, Ratification and/or Waiver of the RFP Requirements have been grouped into one motion. Immediately after the motion was read and seconded, Smith asked if any Director wished to set aside one or more items for an individual vote.

B. Approvals:

- 1. Dan Fortnam – Air Service Consulting Agreement**
2. Grant Agreement Between PDA and NH DES and Wheel Loader Purchase

Director Allard **moved** the **motion** and Director Torr **seconded** that **the Pease Development Authority Board of Directors hereby approves of and authorized the Executive Director to:**

- A. enter into Amendment No. 13 to the Air Services Development Consulting Agreement with Daniel Fortnam, to extend the agreement from April 1, 2020 through September 30, 2020, with one (1) option to extend through March 31, 2021, exercisable at the Executive Director’s sole discretion, in the amount of \$2,435.83 per month; all in accordance with the memorandum of Paul E. Brean, PDA Deputy Director / Airport Director, dated March 5, 2020; and**

Discussion: Smith asked if any of the Directors wished to set aside any items for a separate vote.

Anderson requested to make a notation on item A which states, **“one (1) option to extend through March 31, 2021, exercisable at the Executive Director’s sole discretion, in the amount of \$2,435.83”** and requested a possible amendment to the language which would be inserted after “Director’s sole discretion” to read, **“or remanded back to the Board of Directors for extension approval in the amount of \$2,435.83”** to allow for a more transparent expenditure of dollars, if the whole Board is involved with this type of extension. Anderson would have complete confidence if it were at the Executive Director’s sole discretion but it just appears to be more transparent if the whole Board is involved with the extension.

Smith asked Mullen to speak to current practices prior to taking up the amendment. Mullen stated what PDA has been doing is to look at the contract at the six (6) month point instead of doing a year extension. This allows Mullen to review the contract at the six (6) month point to see if the services rendered are of the value PDA hoped they would be.

Hinchee also stated, for clarification that if exercised it is reported at the next meeting so it becomes a matter of public record.

Director Levesque (“Levesque”) asked how long the 25% (pertaining to item B) reimbursement lasts; so if PDA held off on this, is it something that will always be there in the future (the grant is available until 9/30/2020).

Mullen indicated that Fortnam has been with PDA for almost eight (8) years and continues to develop opportunities while working closely with Paul. PDA has been working for a year at a time with a six (6) month look back to see if PDA wants to continue at Mullen’s discretion. Mullen indicated that so far PDA has found Fortnam to be well worth the expenses. Brean indicated that most airports have a fulltime airport service development staff / development manager and that most small airports use a professional consulting firm (Brean indicated that PDA pays Fortnam approximately 10% of that value). Fortnam has a history with PSM going back to when he was Vice President of Pan American Airway based out of Portsmouth. Fortnam is driven with the collaboration of PSM airport managers / directors in the past from 1,000 enplanements in a year to over 100,000 enplanements currently. Brean indicated that there is a constant dialogue and this is something that is needed, now more than ever. Now is the time for PSM to position itself and showcase its model of a very low cost operation environment.

Smith asked Anderson to explain again what he would be looking to do.

Anderson indicated that under item A, any continuance after March 31st would be at the Executive Director's sole discretion. Anderson thought this would be a cleaner process and have it at the Executive Director's discretion or it would be remanded back to the Board of Directors for that extension approval (it would be an Option A / Option B type thing). Anderson indicated that he does not have any problem the way it was written, but rather looking to enhance the motion for transparency.

Smith asked Mullen if after the agreement reaches March 31, 2021, it then would not have to be approved by the Board of Directors, it could be extended by the Executive Director. Mullen indicated that most of these agreements are a year in length but because PDA wants to have a review process it was reduced to six (6) months. Mullen indicated he would have a discussion with Brean to discuss the success during that six (6) month period and based on that success and any further future work, PDA would give the approval to extend the agreement for another six (6) months and then bring it back to the Board on an annual basis. Smith asked if this passed, when the next time this would be brought back before the Board for another extension; Mullen indicated at the end of March 2021. Smith asked Anderson if he were looking to have the Board weigh in on this prior to March 31, 2021. Anderson affirmed and further indicated that his thought is it would be an agenda item at that time and the Board of Directors would offer its opinion on extending the contract to March 31, 2021. Smith asked when Anderson would want to have it come back to the Board (which meeting). Anderson stated sometime prior to September 30th there would be the opportunity to extend the contract from September 30th to March 31st, 2021. The way it is written now it is at the Executive Director's sole discretion; Anderson's wording is suggested to enhance and to allow it to be brought back to the Board if the Executive Director chose to.

Smith asked Anderson to make a formal motion for the Board to take up.

Director Anderson **moved** the **motion** and Director Lamson **seconded** that **under item A after 'Director's sole discretion,' it would state "or remanded back to the Board of Directors for the extension approval in the amount of \$2,435.83 per month.**

Discussion: Loughlin indicated that this is typically routine but didn't see a problem with the motion.

Disposition: Resolved by (5-2 [Directors Levesque & Allard]) **roll call** vote for; motion **carried**.

Smith asked for a motion on item A as amended.

Director Anderson **moved** the **motion** and Director Torr **seconded** that

- A. enter into Amendment No. 13 to the Air Services Development Consulting Agreement with Daniel Fortnam, to extend the agreement from April 1, 2020 through September 30, 2020, with one (1) option to extend through March 31, 2021, exercisable at the Executive Director's sole discretion, or remanded back to the Board of Directors for extension approval in the amount of \$2,435.83 per month; all in accordance with the memorandum of Paul E. Brean, PDA Deputy Director / Airport Director, dated March 5, 2020; and**

Discussion: None. Disposition: Resolved by roll call vote (6-1 [Director Levesque]) for; motion carried.

- B. enter into a contract with Chadwick-Baross Inc. for the purchase of a 36klb wheel loader with bucket attachment for the total cost of \$175,570.00, and:**
- (1) to accept on behalf of the PDA a NH Clean Diesel Program, FY 2020 Diesel Emissions Reduction Act (DERA) grant from the Environmental Protection Agency in the amount of \$42,274.00, equal to 25% reimbursement aid toward the purchase of the new wheel loader, and to execute any documents related thereto; and**
 - (2) to expend PDA funds in the amount of \$175,570.00 for the purchase of the new wheel loader from Chadwick-Baross, Inc. prior to September 2020, with the \$42,274.00 DERA reimbursement grant to follow, for a final PDA out-of-pocket commitment in an amount not to exceed \$133,296.00;**

all in accordance with the memorandum from Fleet Manager Ken Conley dated March 10, 2020.

Discussion: Levesque indicated that this item and other items throughout the agenda (spending of money, no matter the amount) needs to be justified (i.e.; pick-up truck or a front end loader). Where we are in an emergency period of time, there should be concrete decision-making based on the need to have the item or whether it can wait for a period of time.

Smith asked Mullen and Brean if they would speak to the necessity of having these at this time. Brean indicated that there are a couple of items that will be deferred (one of which is a maintenance pick-up truck and a golf course mower) later in the agenda. However, the reason the wheel loader was not deferred is that there is one listed in the CIP, two of the units are at the end of life cycle and it is getting to be a challenge finding parts. This item is justified because of the 25% Diesel Emissions Reduction Act grant (\$42,274.00) which would be received. The expenditure of this loader will need to be made within a year or two and if PDA does not go through with this expenditure the grant funding would not occur. Regarding the Fortnam agreement, there are pivotal conversations with airlines that are adjusting day-to-day and PSM is in a position to come out of the pandemic in good shape. Staff have been working to reduce expenses which will be addressed later in the meeting.

Anderson indicated that it was curious when looking at the different quotes (almost \$100,000 difference between the two) and it might be a good deal, but the Board should be cognizant of expenditures.

Lamson read through the documentation and indicated that there are things, such as items for the airport; that PDA has to be cautious with (i.e.; Diesel Emissions Act) and feels comfortable spending the money for the front end loader.

Loughlin indicated that it has been his experience that neither Mullen nor Brean have been spendthrifts in the past and is always confident when they recommend something.

Director Torr (“Torr”) indicated when you need a piece of equipment you don’t want it to be run down or broken so believes now is the appropriate time to make the purchase of the item.

Brean further stated that this piece of equipment is not only critical to the Part 139 compliance of the airfield, but also the AJUA with the Air National Guard to allow them to be mission critical with the front end loader. Brean stated that Mr. Conley’s memo referenced 1985, the year of the equipment; PDA is at the point of a need. Brean indicated that PDA does fiscally manage its purchases and recommends moving forward because of the grant opportunity.

Disposition: Resolved by unanimous (7-0) roll call vote for; motion carried.

C. Ratifications:

1. **Long Term Disability Insurance, Short Term Disability Insurance, and Life and Accidental Death and Dismemberment Insurance**

Director Lamson moved the motion and Director Torr seconded that **The Pease Development Authority Board of Directors hereby ratifies and approves the Executive Director’s acceptance of the contracted Long Term Disability Insurance and Life and Accidental Death and Dismemberment Insurance effective March 1, 2020 through February 28, 2023, for the continued benefit of employees of Pease Development Authority (PDA) as proposed by the Standard Insurance Company in the projected annual amount of \$24,252; all in accordance with the memorandum of Irving Canner, PDA Director of Finance, dated February 25, 2020.**

Discussion: None. Disposition: Resolved by unanimous (7-0) roll call vote for; motion carried.

D. Waivers of RFP Requirement:

1. **LED Airport Signage**
2. **Self-Serve Fuel Point of Sale Credit Card System Replacement – Skyhaven Airport (includes ratification)**
3. **Turf Products LLC – Golf Course Large Rough Mower**
4. **Maintenance Vehicle Replacement, 2020 Chevrolet 2500 pickup**

Smith recognized Brean to speak to items 3 and 4 prior to hearing a motion.

Brean indicated that the staff collaborated and PDA will be delaying the purchase of the Toro Groundmaster 4500 D (T4) large rough mower and the 2020 Chevy Silverado replacement vehicle as fiscal initiatives, as such both items should be pulled from the motion at this time.

Smith indicated that when Loughlin reads the motion he will not include items C and D, correct; Brean affirmed.

Director Loughlin moved the motion and Director Torr seconded that **in accordance with the provisions of NH RSA 12-G:8, VIII which permits the PDA Board of Directors to award contracts without a request for proposals, we hereby resolve to ratify and approve the prior execution by the Executive Director of Item B below, and to authorize the Executive Director to:**

- A. Enter into a contract with ADB Safegate (“ADB”) to purchase and install eight (8) LED replacement airport signs in an amount not to exceed \$20,145.00, for the Portsmouth International Airport at Pease (“PSM”); all in accordance with the memorandum of Andrew B. Pomeroy, Airport Operations Manager, dated March 4, 2020, attached hereto; and
- B. execution of the agreement with QT Petroleum on Demand (QT Pod) for a cost of \$11,245.00 for the purchase of a single unit self-serve fuel point of sale credit card system for Skyhaven Airport (DAW); all in accordance with the memorandum from Andrew B. Pomeroy, C.M., Airport Operations Manager, dated March 5, 2020 attached hereto.

EXHIBIT A

In accordance with the provisions of NH RSA 12-G:8, VIII, the following constitutes justification for eliminating the Request for Proposal requirements for the items set forth below. These justifications shall be recorded in the minutes of the April 23, 2020 meeting.

1. LED Airport Signage:
 - There are very few vendors who produce F.A.A. - approved airfield signs; and
 - The F.A.A. requires that airport guidance signs are uniform and consistent to the flight crews using them to navigate around the airfield;

ADB supplied the lowest estimate in 2018. As such, PSM currently uses ADB signs on the airfield allowing for uniformity of signage and the use of interchangeable parts with the existing signs and PSM inventory of replacement parts.

2. Self-Serve Fuel Point of Sale Credit Card System Replacement – Skyhaven Airport:
 - Currently Skyhaven Airport and the Division of Ports and Harbors (the Division) use the same QT Pod M3000 Units, with Skyhaven operating one (1) unit and the Division operating five (5). Since the Airport and the Division were notified about the end of service on the existing units, both entities have worked to find credit card terminals similar to what is being used now and have determined that QT Pod is the only company available that can provide the units at the pricing and service level that meet the needs of both business units.
 - Of the two self-serve fuel systems approved for the dispensing of aviation fuels, QT Pod is the only system ready to accept chip card readers when they become available.
 - Airport and Division Staff were able to negotiate a better price from QT Pod given the single Skyhaven Airport fuel system would be purchased in conjunction with the Division’s five (5) units.

- **QT Pod is offering Skyhaven a trade in credit of \$4,495.00 for Skyhaven's existing M3000 unit towards the purchase of the new M4000 Unit.**

Discussion: Anderson asked with respect to the elimination of items C and D if there could be any comment that the elimination of these pieces of equipment will have any long range downside to purchasing of the items at a later date, as both items required substantial funding. Anderson asked if the removal of these items would compromise the operations of the facility. Brean indicated regarding the pick-up there are alternates in place to get PDA through in the near future and does not anticipate an impact with the delay of this purchase. DeVito spoke to the elimination of the rough mower and stated that the CIP has been juggled around. Typically the mowers (greens, fairway and rough) are cycled in and are brought back when it has reached its end of cycle. The current mower has reached the end of its cycle, but due to the current environment the Golf Course could push it out until the course opens up. DeVito did indicated that it would be helpful to keep this in the FY20 budget, but could push out the purchase to May or June of this year.

Lamson thanked Brean and DeVito for the clarification.

Smith had a few questions on items A & B which goes back to Levesque's question earlier regarding the necessity to make both of these purchases at this time. Smith referenced that, "The F.A.A. requires that airport guidance signs are uniform..." and asked how long the F.A.A. would provide leeway on replacing the signs; and regarding the credit card replacement system it states that the airport and Ports and Harbor Divisions were notified about the end of service on the existing units. Smith asked when the end of service would be on the QT system. Brean stated that regarding the airfield lighting the lights are specifically taxiway guidance signs and in October 2019, there was a Part 139 inspection by the F.A.A. and this was the second year the lighting signs were indicated. In 2018 the signs were recognized as the inspector indicated the signs were losing their visibility and were at the end of the lifecycle (needing replacement). PSM put in for a state grant to see if they could be replaced and was denied. In October 2019, a different F.A.A. inspector again indicated the need to replace the signs as they were out of compliance. F.A.A. provided a year and if not completed by 2020 then a letter of correction would be provided and would be provided thirty (30) days within which to replace the signs. This is a critical item for airfield safety and would lose the Part 139 compliance. Brean further indicated that as a result of the runway reconstruction project, approximately twenty-six (26) signs are being replaced in that project so the remaining eight (8) that are not being impacted by the project need to be replaced. Brean further stated that with respect to the QT Petroleum on demand system, the credit card system on the fuel islands at Skyhaven Airport will be out of security compliance (similar to the Golf Course and the Division of Ports and Harbors). Brean told the Board that this is an industry compliance issue and the self-service pedestals will not be able to be utilized for credit card purchases, so this is a necessary purchase in order to process credit cards.

Anderson asked if these two (2) expenditures would have the ability of crossing over into the yet to be discussed CARES Act grant for airports or would they have to stand on their own for expenditure. Brean indicated that they could qualify to be eligible for the CARES Act funding. Anderson asked for clarification that the CARES Act funding could accommodate the expenditures; Brean affirmed it was possible.

Lamson stated being on the Airport Committee, she remembers Brean discussed lighting back in 2019 and therefore she feels very comfortable with this motion as safety is extremely important. Brean commended the snow removal staff as they are careful not to damage the signs.

Disposition: Resolved by unanimous (7-0) roll call vote for; motion carried.

IX. Signs:**A. Approvals:**

1. **Wentworth Douglass Hospital**
2. **Rochester Electronics**
3. **Fedpoint**

Director Levesque moved the motion and Director Lamson seconded that **the Pease Development Authority (PDA) Board of Directors hereby approves of the proposed signs as follows:**

1. **The proposed sign alterations for Wentworth Douglass Hospital (WDH) located at 67, 73 and 121 Corporate Drive; all in accordance with the memorandum of Maria J. Stowell, P.E., Engineering Manager, dated March 4, 2020;**
2. **The signs requested by Rochester Electronics for 20 Durham Street; all in accordance with the memorandum of Maria J. Stowell, P.E., Engineering Manager dated March 12, 2020; and**
3. **The signs requested by Fedpoint for 100 Arboretum Drive, a Farley White property; all in accordance with the memorandum of Maria J. Stowell, P.E., Engineering Manager dated April 13, 2020.**

Discussion: Lamson indicated that these items were well presented by Stowell.

Disposition: Resolved by unanimous (7-0) roll call vote for; motion carried.

X. Executive Director:**A. Reports :**

1. **Coronavirus Aid Relief Economic Security (CARES) Act - Presentation by PDA Deputy Director / PSM Airport Director Paul Brean**

Smith recognized Brean to speak to CARES Act. Brean commended the Congressional delegation, Governor Sununu and Congress as a whole; this is an incredible act. After 9-11 airports were not recognized in bailout aid; in this package, airports did very well (\$10 billion dollars). The formula for funding that was used was they looked at the number of enplanements and whether or not it is a NIPAS airport. The good news is in 2018, Frontier dipped their toes in the water, driving up PSM enplanements. Therefore, PSM came out with \$1.6 million dollars of aid; the money is eligible to be used for any legal airport expense. To answer the Chair and Board's inquiries, any airport aviation expense can be applied to the CARES Act. In addition to the \$1.6 million, PSM will receive the 5% share it usually pays in airport improvement projects (i.e.; taxiway or terminal improvements); PSM's share for 2020 will be waived. Stowell has a large scale project that involves Alpha taxiway which comes in around \$1 million dollars so the Feds will pick up the 5% share on that project as well. In Rochester, Skyhaven Airport, will receive \$30,000 which can be used for any airport legal expense. This will help if PDA runs into timing issues with personnel, labor and utility expenses, or can apply some of the actual capital equipment purchases to that. The only stipulation is that the government wants to see 90% of the airport's employees still working, so this is to protect jobs. PDA is confident that this can be done; there is some attrition that is coming up that qualifies. PDA will not be back filling vacancies, but does not anticipate a large impact to the work force. PDA can accept this money and meet the criteria that comes along with it.

Anderson asked Brean if the figures quoted in the explanation are accurate (\$1.6 for PSM and \$30,000 for Skyhaven). Brean indicated that the figures are correct and PDA has been officially notified of those funding amounts (which are higher than what was originally anticipated). Brean indicated that he will explain further information during his discussion concerning the airport as the aviation outlook is not great but Pease is unique in many ways and feels that PDA will weather the storm.

Director Anderson **moved** the **motion** and Director Lamson **seconded** that **the Pease Development Authority (“PDA”) Board of Directors hereby approves of and authorizes the Executive Director and/or the PDA Deputy Director/PSM Airport Director to apply for and accept Coronavirus Aid Relief Economic Security (CARES) Act Grant(s) for which Portsmouth International and Skyhaven Airports are or may become eligible. This approval includes the authority to execute any and all documents necessary or appropriate to accept the CARES Grant(s) on an expedited basis and to use said grants for any purpose for which airport revenues may be lawfully used, in accordance with the FAA’s Policy and Procedures Concerning the Use of Airport Revenues (64 Federal Register 769, as amended by 78 Federal Register 55330).**

Discussion: Torr indicated he had some concerns to the accountability of the grant as it does not indicate the signoff of the Chairman, or a designee, as well as the reporting of the expenditures. It doesn’t state how it is going to be reported; but could be resolved by someone explaining how it works. Brean indicated that PSM uses the F.A.A. Delphi financial reporting system; any time PSM does a grant related project PSM has to put in a request to obtain the reimbursement which is tied to invoices and payroll (any of the items require that backup be provided). This is audited by the F.A.A. and there is an audit trail for every amount that is being requested. Primarily the easiest items be put forward will be payroll and utilities. Any eligible expense will be provided with back up information which will be entered into the Delphi system so it is logged (there is tracking of every penny). Director Torr asked how the Board would know; Brean indicated that PDA would not get a reimbursement unless the criteria has been met and much like Canner does a recap of reimbursements, it is similar to any AIP grant funded project PSM has done in the past (i.e.; runway project, an equipment purchase or the terminal expansion). Torr indicated that his concerns have been satisfied. Canner indicated that all grant monies are audited by Berry Dunn.

Anderson indicated that he asked earlier regarding the grant funding of the runway lights (signs) and the QT terminal whether it is intended that this funding will be utilized for those expenditures. Brean indicated in essence yes, but PDA would like to keep this simple and keep grant funding focused on payroll and utilities. If you put in for capital equipment there is a lot more work and the F.A.A. has asked to keep it to employee expenses and utilities (something that is easy and doesn’t require a lot of reports / backup that some of the purchasing projects require) they would prefer to keep it simple to things so we could provide a recap of payroll. In essence, this will offset airport expenses such as the new loader. The funding will help the overall balance sheet; so what will be provided will be the least amount of paperwork / backup that the F.A.A. as will need to research. Anderson indicated he wanted to have some clarity on the question that he asked earlier on what this funding would go for; it influenced his earlier vote on when Brean stated that this CARES Act grant funding could be used for those two capital items. Brean indicated that at Skyhaven the QT pod system will utilize the grant as there isn’t enough labor expense up there and that PSM could include the Barrow loader as well. Anderson thanked Brean for his response.

Disposition: Resolved by unanimous (7-0) roll call vote for; motion carried.

2. Airport Operations:
a) Portsmouth International Airport at Pease (PSM):

Brean indicated that enplanements in March 2020 were lower than March of 2019. The reduction had been forecast due to the runway reconstruction project which is in Phase I. Phase I reduces the length of the runway from 11,000' to 6,800'. This reduction makes it difficult for the Atlas flights to come in with full weight. PSM is limited to Allegiant activity and military C-17s / C-130s activity; restricting the wide-body 747s ability to land at the airport during the runway reconstruction activity. Therefore, some of the reduction had been forecast, but some of the impact is due to the COVID-19 effect on commercial travel. The overall enplanements for March were 5,194 which represents an approximate 60% reduction from March of 2019. In comparison to other airports throughout the nation, PSM's load factor held very well (primarily due to leisure traffic and demographic). With the closure of Walt Disney World, PSM ridership dropped to approximately 80%. The fuel flowage came in at 600,000 gallons which is slightly under average due to the forecasted suspension of Atlas air.

Brean indicated that revenue parking started off very high in demand and then it shuttered once airline activity was reduced equating to approximately 1,000 transactions. Historically April has been the busiest month due to school vacations and Disney travel, currently forecasting that travel to be down below 80%.

Brean stated that Allegiant has suspended (completely pulled out) travel at thirty (30) airports, PSM is not on that list; PSM is holding its own on travel capacity. Previously Allegiant had one (1) to two (2) flights a day at PSM during the NH / MA vacations to Disney / Ft. Myers which were all basically eliminated (daily service was run through that period). Now are seeing one (1) flight a week to the destinations. The good news is that no destinations have been lost, but what PSM has seen is that a "thru flight" program has been implemented. This would be where an Allegiant aircraft leaves from Punta Gorda, stops at Allentown PA and then on to PSM and do a leg back down (allowing Allegiant to get more out of the aircraft and crew). Conversations have been had with the representatives at Allegiant who have informed PSM that they do not see PSM being pulled off the table or a reduction in destinations. Allegiant does see the capacity of a flight on a Friday and one on a Tuesday to Punta Gorda and Sanford and plan on running Myrtle Beach commencing on June 4th. Brean indicated that Allegiant, as a model, may come out of the current situation very well because they are ultralow cost and are leisure destination and don't have the business / international sector which will be the longest in the industry to return. This all hinges on when all the theme parks / resorts, professional sports and collegiate activity all open up. PSM is actively monitoring the situation and in daily correspondence with Allegiant. PSM had previously scheduled a week closure in September when Allegiant tickets were not being sold due to the runway project; Allegiant is participating in the CARES Act and will be receiving airline aid. Allegiant is under the same stipulation if they take CARES Act to keep its employees working. Allegiant has reduced some large scale capital improvement projects (i.e. its large resort in Port Charlotte, FL) in order to place funding into daily operating expenses. Brean indicated if there is one airline who can come out of this successfully, he believes it is Allegiant because it is adaptable. Brean is optimistic that PSM will be able to weather the storm and come out of this on the other end fairly decent. Brean believes that there will be major route

consolidation in the markets around PSM, from Portland, Manchester, Boston and Providence; PSM has seen upwards of an 80% in route reduction. The CARES Act contains language that requires some of those airports to maintain the traffic and for other airports the CARES Act has given the airlines an option to drop service if they can have another airport within one hundred (100) miles. This will be an impact on the region and all will be effected. Fortunately, PSM makes good off the commercial airlines services through parking and rental cars, but PSM also spends money to provide those services. Brean indicated that the good news is PSM can stop the hemorrhaging quickly and overall the airport units have seen a \$60,000 a month savings in operating costs due to this activity (i.e.; custodial contract, law enforcement detail for Allegiant flights, etc.). PSM has a plan to actively reduce expenses such as putting off capital expenses that wouldn't be seen in the CIP under \$10,000, so that activity has been halted.

Brean stated that the NH Air National Guard (ANG) has continued receiving the KC-46s and outfitting the infrastructure and personnel, its ramp is getting full with aircraft resulting in Port City Air gaining a large technical operation of C-17s that are doing strategic air commands for NATO now that the ANG does not have room. Brean indicated that the good news is that the C-17s can use a 6,800' runway and burn a lot of fuel while at PSM (fueling up to go overseas resulting in good fuel flowage fee revenue).

Brean indicated that the runway project is on target and there is a chance that some of the work will get expedited due to the slowdown in activity (not in as much of a rush to reopen the runway after overnight work). Also, due to the mild spring it is anticipated that the project will remain on schedule as Phase I is demolition of the South end of the runway. The contractor is putting in a great plan for the COVID-19 social distancing in the workplace.

Brean stated regarding the terminal project that the foundation work is complete and the steel work is ongoing and on schedule. Brean stated that he is working closely with Canner and Stowell discussing the financial obligations and the fiscal timing of things.

There were no noise inquiries during the month of March.

Director Allard ("Allard") asked Paul to repeat the weekly Allegiant schedule. Brean stated previously between Allegiant and Frontier, PSM was seeing daily service to Punta Gorda and Orlando and had two flights a day (due to capacity) to Orlando during peak school vacations. Currently flights have been scaled down to a Thursday or Friday and returning Tuesday flight. Allegiant is highly adaptable, monitors its daily bookings and every four to five days out may notify the customers that the flight has been cancelled and rebook to another flight in order to maximize aircraft. Brean indicated that the current pattern is late Thursday nights / Fridays and Tuesdays. Allard asked if Allegiant if flying to Punta Gorda; Brean affirmed. Brean further stated that Punta Gorda is its heaviest flight due to Walt Disney being shut down. Allard indicated that he contacted Allegiant to fly to Pease and were told they fly out of Ft. Lauderdale; Brean asked Allard to contact Brean and stated he would provide Allard with contact information to speak with representatives at Allegiant.

Lamson indicated that it looking like Pike was also working on the north side of the runway too, digging up cement (working both the southerly and the north); Brean affirmed. Brean further stated that they are creating the haul road. Lamson also asked when the asphalt plant would be fired up and whether

Air Resources has evaluate the project regarding the asphalt plant. Brean did not have an answer, but an inquiry has been made. Brean asked Stowell if she had any update to provide to Lamson's question; Stowell had telephonic difficulties and was not able to respond. Lamson indicated she would connect with Stowell at a later time. Brean assured Lamson that there is time before asphalt is to be put down. Lamson indicated that they are progressing with the project and is pleased to see how it is moving along as it appears to be moving fast.

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

(i) New England Aircraft Detailing License Agreement:

Mullen asked Brean to provide the Board with information concerning this agreement; Brean indicated that New England Aircraft Detailing (NEAD) has been a vendor at PSM for multiple years. NEAD details high end corporate aircraft and this agreement allows PDA to obtain a revenue stream (it allows NEAD to be its own entity). With this agreement, NEAD will no longer be required to use PCA as an escort and will have its own badge and credentials. The agreement will allow PDA to receive 5% of the revenue it charges to the customers for the service.

Anderson spoke to the statement above by Brean of an 80% consolidation and asked if that would be attributed nationally or regionally and what is that effect on Allegiant's ability to adjust its schedules or expand it, etc. What does the 80% route consolidation translate to in regards to PSM. Brean indicated that the 80% is what PSM has gauged as far as seat factor that has been reduced. Nationally through its system, other airports on an industry average have seen a 97% reduction in capacity. PSM has held up because of its ability to be very adaptable and Allegiant's model is adaptable. The 80% reduction is much better than some of PSM's counterparts and other airports / airlines. Brean indicated that most of Allegiant's Midwest airports have been shuttered 100% in seat factor. Anderson asked what type of factor is that route consolidation based off (i.e.; are flights more apt to be routed to the Boston or Manchester market), thought the route consolidation would be a means to consolidate activity. Brean affirmed and further indicated that the legacy carriers (Delta, United and American) will be doing route consolidations. Unfortunately, for locations like Portland ME, Manchester NH and Providence RI, airlines may choose to operate through a large hub like Boston instead of the secondary routes. PSM has no legacy carriers so it won't retract any of that business. Brean indicated that Allegiant's low cost model does not work well at those other airports. PSM has a low cost model which it is recognizing now that PSM ranks high in Allegiant's station list. PSMs two (2) routes from Portsmouth to Punta Gorda and Portsmouth to Orlando have ranked in the top profitability in Allegiant's network. In conversations held with Allegiant, we try to make PSM the New England gateway for its Florida market. Brean indicated that future bookings which are critical, industry wide not PSM specific, that there are no future bookings which is troubling and scary.

Lamson indicated that the report provided by Brean was very informative.

Smith thanked Brean for all of the work that he is continuing to do there.

b) Skyhaven Airport (DAW):

Brean indicated that he is happy to announce the \$30,000 CARES Act which will be used for the QT Pod fueling system.

3. Golf Course Operations:

DeVito indicated that golf is very quiet in the state, and after the Executive Order the golf course and simulator operations ceased. Grill 28 stayed open for a little bit to try to do take out / delivery service but that ceased a week later. The maintenance department has been deemed essential and while it is sporadic, staff are out on course on a regular basis so that the course will be ready when it is able to reopen. Mowing will start to pick up with a change in the weather and next week the greens aeration will be performed (this has been rescheduled from when it is typically done in August) in order to free up the couple of weeks in August in order to minimize downtime and loss of revenue later in the season.

DeVito indicated that the golf shop staff are working on cleaning procedures, getting training programs in place for when staff returns (i.e.; customer check in; online payments, etc.) regular work that needs to be done to the golf carts, painting projects (inside / outside), reaching out to those who have already booked events and tournaments to try to get them rebooked and keep them informed.

DeVito also indicated that one of the big initiatives was changing the tee times from every 9 minutes to every 12 minute tee times. This still allows placement of over 500 players on the course a day even with the spacing change and could accommodate all and require a tee time going forward.

DeVito indicated that to accommodate the social distancing the golf course, staff has reached out to several companies and received pricing back in order to bring in an additional 40 golf carts so all 27 holes on the course can be utilized.

DeVito has been working with Grill 28 on a regular basis on setting up a seating plan for when it is able to open in Phase I and to discuss what is needed for spacing as well as when they might continue with take out and delivery service.

DeVito indicated that season pass holders have requested some type of compensation for the time that the course has been closed as the season pass application indicates the season is from April 1st through November 30th. DeVito stated he would wait until the course is open and return to the Board to see how best to address this issue.

Anderson asked pending the opening of any non-essential businesses per order of Governor Sununu, is there a plan for a phased in or full operation of the golf course. Anderson asked if Pease has development a plan or suggestion of golf operations that would not include clubhouse facilities or Grill 28. Alternatively, has there been a thought to open it up to just membership activity in a partial phased in operation. DeVito indicated that in order to keep the golf course going Pease has to maintain all 27 holes and prior to receipt of the additional golf carts arriving, Pease would only open with 18 holes because of the limit of the golf carts currently available. DeVito indicated that if it is required that the golf course cannot open or do any take out services that has been considered. Further, as far as who can interact in the clubhouse, a platform is trying to be set up as best as possible for paying customers. However, if it is just for the season pass holders Pease can still use the online platform for them and then everything would be electronic as far as check-in, would have to monitor it but that is possible if that is what ends up happening. Anderson asked if it would be phased in where there would be no activity in the clubhouse or Grill 28; DeVito affirmed. DeVito further stated that there are ongoing task force discussions at the state level and that on Friday (4/24) recreation is due to be discussed. DeVito indicated that he is the President of the NH

PGA Chapter so he has been working back and forth with other golf industry leaders to get information to provide to the Committee for discussion. It is hoped to get golf back sooner rather than later, but it will all hinge on how safely it can be done without a risk to the safety factor.

Smith indicated he has a feeling that the golf courses will be tied to what Massachusetts does; wondered if there was a way to only allow residents to play at the golf courses (i.e.; check ids). DeVito indicated that is one of the discussion points.

Anderson asked if Pease would be saving some revenue in what has to be refunded if you allow membership only activity. DeVito indicated if that was what is allowed then that compensation would be decreased.

B. Approvals:

1. Sheehan Phinney Bass & Green PA

Director Loughlin moved the motion and Director Torr seconded that **the Pease Development Authority Board of Directors approves of and authorizes the Executive Director to expend funds in the amount of \$7,122.75 to Sheehan Phinney Bass & Green for reimbursement of third party environmental services rendered to the Pease Development Authority and associated with the MS4 permit implementation.**

Discussion: None. Disposition: Resolved by unanimous (7-0) roll call vote for; motion carried.

XI. Division of Ports and Harbors:

A. Reports: Reports generated since January 16, 2020 will be provided at the next regular Board Meeting

B. Approvals:

- 1. Proposal from Appledore Marine Engineering, LLC - Engineering Services for the Market St. Marine Terminal Main Wharf Rehabilitation (a/k/a BUILD Grant)**
- 2. Cianbro Corp. - Right of Entry for loading construction equipment and materials from the Market Street Terminal**
- 3. Portsmouth Fish Pier – Relocation of Electrical System**
- 4. Morton Salt**

Director Levesque moved the motion and Director Torr seconded that **the Pease Development Authority Board of Directors hereby authorizes the Executive Director and the Division Director, in accordance with their respective powers and duties to take all action necessary or appropriate to implement the following:**

- 1. To accept the proposal from and to execute a contract with the Division’s on-call marine engineering service provider, Appledore Marine Engineering, LLC (“AME”), for the purpose of providing marine engineering services for the Market Street Main Wharf Rehabilitation in an amount not to exceed \$1,725,249.00 contingent upon execution of the BUILD Grant Final Agreement between the US Department of Transportation Maritime Administration (MARAD) and the PDA; all in accordance with the**

memorandum of Geno J. Marconi, Division Director of Ports and Harbors, dated March 11, 2020, and AME's proposal;

2. To execute a Right of Entry ("ROE") with Cianbro Corporation ("Cianbro") for the use of the facilities at the Market Street Terminal for the purpose of staging and loading equipment and materials (for the manufacture of concrete); all in accordance with the memorandum of Geno J. Marconi, Division Director, dated April 1, 2020;
3. To contract with Eversource Energy in an amount up to \$15,187.00, for the electric utility upgrade work at the Portsmouth Commercial Fish Pier; all in accordance with the Memorandum of Geno J. Marconi, Division Director, dated April 1, 2020; and
4. To execute a License and Operating Agreement with Morton Salt Inc. for a modification and extension of their existing agreement for the storage of imported road de-icing salt; all in accordance with the memorandum of Geno J. Marconi, Division Director, dated April 10, 2020.

Discussion: Hinchee indicated that Levesque was sent a corrected motion which he may not have in front of him which corrected item 4 from a "Right of Entry" to a "License and Operating Agreement." Levesque indicated he was not in receipt of the corrected motion and wondered if he needed to correct the record or the Board could go with what was provided by Hinchee. Hinchee restated that item 4 is corrected to a License and Operating Agreement and not a Right of Entry.

Smith asked if there were any items that any Board member would like to pull and vote on separately. No requests made to pull any item.

Disposition: Resolved by unanimous (7-0) roll call vote for; motion carried.

C. Ratifications:

1. **Schedule of Pilotage Fees**
2. **Self-Serve Fuel Point of Sale Credit Card System Replacement - Port Facilities**

Director Allard moved the motion and Director Torr seconded that the Pease Development Authority (PDA) Board of Directors hereby approves and ratifies the implementation by the Executive Director and the Division Director of the following:

1. The adoption of the Final Schedule of Pilotage Fees and Pilotage Unit Rates and the Adopted Amendment PART Pda 311 PILOTAGE, both attached hereto, pursuant to Pda 311.01(d) of Chapter Pda 300, Port Captains, Pilots and Pilotage, NH Code of Administrative Rules, and all in accordance with the memorandum of Geno J. Marconi, Division Director, dated March 2, 2020. The rates became effective as of April 1, 2020; and
2. The execution of a purchase agreement with QT Petroleum on Demand (QT Pod) for a cost of \$57,725.00, for the purchase of five (5) self-serve fuel point of sale credit card systems for the Division of Ports and Harbors' (DPH) three (3) facilities; all in accordance with the memorandum from Geno J. Marconi Division Director of

Smith thanked the PDA staff for providing the Board with the ability to have the meeting telephonically. It may have not been the way it would have preferred to have been done and that the agenda was laid out in a manner that allowed the meeting to be held.

XV. Adjournment:

Director Lamson moved the motion and Director Torr seconded to adjourn the Board meeting. Meeting adjourned at **10:31 a.m.**

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

XVI. Press Questions:

No members of the press were known to attend the meeting.

Respectfully submitted,



David R. Mullen
Executive Director/Secretary

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