

PEASE DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS
NON-PUBLIC SESSION (Per NH RSA 91-A:3)
MINUTES

Thursday, November 18, 2021

Presiding: Kevin H. Smith, Chairman
Present: Neil Levesque, Vice Chair; Thomas G. Ferrini, Treasurer; Erik Anderson; Steve Fournier; Margaret F. Lamson; and Susan B. Parker
Attending: Paul E. Brean, Pease Development Authority ("PDA") Executive Director; Anthony I. Blenkinsop, Deputy Director / General Counsel; Maria J. Stowell Engineering Manager; Andrew Pomeroy, Manager Aviation Planning & Regulatory Compliance and Raeline A. O'Neil, Legal Executive Assistant.



The non-public discussions commenced at 8:32 a.m.

- 1. Sale / Lease of Property [NH RSA 91-A:3, II (d)]; and
- 2. Consideration of Legal Advice [NH RSA 91-A:3, II (l)].

Non-public Session:

Anthony Blenkinsop ("Blenkinsop"), Deputy Director / General Counsel, provided updates on legal matters and potential leases / development projects and indicated PDA had invited the Kane and PROCON group to speak to the Board regarding two potential projects.

Chairman Smith arrived to the meeting at 8:47 a.m.

1. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2. PlaneSense

Blenkinsop referenced PlaneSense’s desire to lease additional land and expand. PlaneSense and PDA have been working towards obtaining more information regarding potential cost of moving a drainage pipe which is in the way of potential expansion, need to figure out who would pay for the movement of the pipe. Blenkinsop indicated the expansion would be north of the existing building for hangar capability and a flight simulator.

Anderson asked of the reference in the Board packet of culvert work; Stowell indicated that while the description of the work references “failing culvert”, that has not been confirmed as of yet and that is why the work is being performed.

Lamson inquired about the simulator; Blenkinsop indicated the simulator could be utilized for training purposes for both PlaneSense pilots as well as pilots of outside entities.

Blenkinsop informed the Board that if the pipe were not an issue in PlaneSense’s expansion, the Board would probably be seeing conceptual plans so they could move ahead, but the pipe is an impediment at this time.

Anderson asked if the previously provided Right of Entry (“RoE”) provided for the Jet Engine facility would be considered to be part of the expansion as well; Blenkinsop indicated originally PlaneSense had looked to the area referenced in the RoE for the flight simulator but now they are focused on an expansion off the original building.

3. 2-Way Communications

2-Way Communications is a tenant at 19 Durham Street and PDA has been working with them to finalize a RoE for property located at 360 Corporate Drive for a potentially larger building for its facility.

4. Northeast Rehab

Blenkinsop indicated over the last year there has been negotiations with NE Rehab regarding its desire to extend its lease out to 74 years per FAA authorization; however, they are not interested in resetting lease back to year zero. NE Rehab does intend to expand its facility but they would not be tying the two together. Currently are 11 years into its 50 year term so they are looking at adding an additional 24 years to the original term.

Blenkinsop informed the Board that this original lease deal is different due to the fact that the underlying lease was financed through HUD. The lease indicates a flat rate for the 50 year period, but PDA has a separate side agreement with a related entity who pays the escalations of the lease, this is secured by a Promissory Note. Therefore, due to the complexity of the agreements it has been taking a little longer to complete. Blenkinsop informed the Board that it is anticipated a lease amendment may be completed for consideration at either the December or January Board meeting.

Ferrini asked of the side agreement; Blenkinsop indicated that while the two entities are related they are distinct from each other.

Director Parker ("Parker") indicated the Board should know more about the agreement NE Rehab has with HUD. Brean asked Blenkinsop if this were the only lease that has HUD funding; Blenkinsop affirmed.

Blenkinsop indicated the financing with HUD would terminate approximately in year 40 and at that time the lease and side agreement would be converted to a single lease agreement with the escalation included. Blenkinsop indicated he could ask NE Rehab's attorney to attend the December or January meeting so that he could speak to the involvement between NE Rehab with HUD and the separate side agreement.

5. 68 New Hampshire

The current tenant, IPSUMM, had been trying to sell the building and assign its lease. It is under agreement with 68 New Hampshire, LLC (Kane Group). Blenkinsop spoke to the difference in acreage and how it is billed due to PDA's rezoning of the property, a number of years ago.

Anderson asked if there were any other deals set up like this where the total acres and amount billed do not equal each other; Brean spoke to the various agreements at the airport and how those are structured with ramp and apron areas.

6. PROCON / KANE Development - Development of Hangar 227 and the North Apron for E-Commerce Distribution Development

PROCON / Kane representatives entered the meeting room. Blenkinsop spoke to the members of PROCON and Kane in attendance to discuss the two potential developments being Hangar 227 and the North Apron. This will provide the Board with an opportunity to listen to the PROCON/KANE presentation and ask questions after. John Stebbins indicated that PROCON is the largest architecture / construction company in New Hampshire and PROCON has been in discussions with PDA regarding these two parcels (also in attendance for PROCON was Paul Roy ("Roy") Director of Business Development) and asked the Kane Company to join in the venture.

Michael Kane ("Kane") spoke to the collaboration of PROCON and Kane to build an E-Commerce Facility and that the timing might be right. Kane indicated they are working with an entity out of Boston that deals with potential tenants. John Stebbins ("Stebbins") spoke of the needs for air cargo distribution for companies as they are looking for space due to the current shipping issues.

Lamson spoke of her concerns regarding the impact air cargo (i.e.; delivery times, flights over residential areas etc.) would have to the surrounding communities; Roy indicated the aircraft that would be utilized are modern (similar to aircraft currently utilizing the airport at this time). Kane indicated that flight schedules may be something that could be worked out with prospective tenants.

Anderson indicated he was under the impression that the Air National Guard was also looking at the area on the North 40 for air maintenance facility. However, he also indicated his concern as well to noise and traffic impact from a distribution center. Stebbins and Kane spoke to discussions they too have had with the ANG in an effort to structure a facility that would be compatible with the ANG operations (i.e.; building height; security concerns etc.). Kane indicated the ability to work with the Board regarding traffic on and off the facility.

Parker spoke to the need to be tough on traffic increases and the need for a feasibility study.

Ferrini asked what the market was like for this type of facility; how competitive is it and whether or not there would be the potential for outlying areas who may benefit by economic development. Kane indicated interest coming from the Boston area due to the fact that Logan is crowded.

Fournier asked of the anticipated traffic flow; Kane indicated it would be speculation until a traffic study. Stebbins indicated his thoughts would be traffic would utilize Route 4, 16 and 95 and head south.

Kane stated traffic, whether with this development or another, will need to be addressed. Therefore, as a community it is necessary to make things known with the State of NH so they pay attention and they respond to the growth potential.

Levesque spoke to the risk of building a 300,000 square foot facility; Kane indicated a build-out could potentially be in phases.

Anderson asked if from the RoEs any issues have arisen with either of these properties. Regarding the North 40, Stebbins indicated the need to run in conjunction with the ANG, but Hangar 227 is more complicated.

Brean indicated that the second location is Hangar 227; Roy indicated the cost to rehab the building exceeds the cost from tear down. Air Force would need to do some environmental mitigation to this location as well. They could utilize the sale of the steel from the tear down to offset the demolition costs.

Maria Stowell ("Stowell") Engineering Manager spoke to drainage from the facility and around the building and environmental protections which would need to be put into place for a development.

Stebbins indicated the location in the vicinity of Hangar 227 also considered is the Pease maintenance facility. Part of a proposal would be to build a new maintenance facility for Pease. Roy spoke of meetings that have been held to discuss the scope of a new 60,000 sq. ft. facility and the need to

house PDA equipment.

Blenkinsop spoke to the next steps potentially including option agreements, developer due diligence, letters of intent, conceptual plans and leases down the road. Option agreements would state the need for traffic studies and obtaining information concerning noise to be brought before the Board for consideration.

Parker asked of the timing of the project; Kane indicated a desire to move quickly, once due diligence is done.

Stebbins indicated the possibility of a new building in the location of Hangar 227.

Brean informed the Board that carriers utilizing an airport facility are familiar with paying landing fees; ground handling fees etc.; a project like this could put the airport on a good path.

Director Fournier moved the motion and Director Ferrini seconded that the Board come out of Non-Public at 9:32 a.m.

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

Sincerely,



Paul E. Brean
Executive Director/Secretary

NOTE: *The Board of Directors at its meeting held on May 19, 2022, voted to unseal the minutes of the November 18, 2021, non-public meeting of the PDA Board of Directors with the exception of the material in item #1 which will remain sealed per the Board's vote of November 18, 2021.*

