

TRUSTEES OF THE TRUST FUNDS
CITY OF PORTSMOUTH, NEW HAMPSHIRE
MINUTES OF MAY 8, 2014 MEETING

A regular meeting of the Trustees of the Trust Funds for the City of Portsmouth, New Hampshire was held on May 8, 2014 at the 2nd Floor Conference Room in the Shaw Building in Prescott Park. The meeting was called to order at 7:35 a.m.

Present were Trustees Phyllis Z. Eldridge, Dana S. Levenson and Thomas R. Watson. Also present were Peter Torrey, Michael Warhurst, David Allen, Ben Anderson and Claudette Barker.

The minutes of the April 22, 2014 meeting were reviewed. Mr. Levenson noted that the Minutes did not accurately reflect his proposal with respect the license fee for The Gundalow Company in that his proposal that the Company's agreement to pay all costs associated with extending electricity to the dock was not intended as a financial commitment in lieu of the license fee. Rather, his motion was that the Company be required to pay the cost of extending electricity and begin to pay a license fee in 2015. The minutes were so corrected and thereafter, upon motion duly made and seconded, approved.

Mr. Warhurst provided his Park Report. He reported that he has received an estimate of \$55,000 to replace the wooden roof shingles on the additions to the Shaw Warehouse. He also reported that he has received notice from the Woods Hole Oceanographic Institute that its research vessel, the R/V Tioga, will be tying up at the Park on a number of occasions this summer in conjunction with its research activities.

Mr. Warhurst noted that the Park will be receiving a delivery of flowers in the near future and, in accordance with past practice, they will be place in the handicapped parking space at the end of Water Street until they can be transferred to the gardens. This may take as much as 30 days to finish. Mr. Warhurst suggested that the Trustees might want to look into creating a second handicapped parking sport or converting one of the other parking spaces to a temporary handicapped spot. Mr. Allen stated that he would look into the procedures and requirements for doing so and report back to the Trustees.

Mr. Warhurst also reported that 8 of the 10 seasonal boating slips have been rented and he continues to advertise the availability of the two remaining slips.

Mr. Torrey presented his financial report. He distributed and led a discussion of the March and April financial statement for the Prescott Trust Fund, noting that it is too early in the year to map any trends in revenues or expenses. Mr. Torrey also distributed and led a discussion of the first quarter returns on the investments managed by HM Payson, noting annualized average returns for that quarter of 0.8%. He observed that such a rate of return is consistent with the growth of the markets as a whole for the first quarter.

Mr. Torrey then distributed a proposed Cash/Check Receipts Policy for the operation of the Park. He described the background giving rise to this policy. He noted that the policy incorporates the Cash/Check Receipts Policy for City Departments adopted by the City Council

in 2007. Upon further discussion, upon motion duly made and seconded, the Cash/Check Receipts Policy was unanimously adopted by the Trustees.

Ms. Eldridge reported that the Trustees have received an unsolicited \$250 check from The Gundalow Company as a contribution toward bathroom supplies for the 2014 season.

Ms. Barker and Mr. Anderson appeared on behalf of Prescott Park Arts Festival. Mr. Anderson reported that the festival has now released its season schedule to its sponsors and will release it to the public on Friday. He reported that the City's Health Department has informed PPAF that it may have no more than four events this summer in which outside vendors provide food or beverage to participants at the Park. The Trustees inquired as to the reason for this limitation but Mr. Anderson indicated that it is still unclear to PPAF for the limit as it is contrary to the practice in the Park in prior years. Mr. Allen indicated that he would contact the Health Department and try to get a better sense for the new policy.

Mr. Anderson inquired of the Trustees as to whether they had made a decision on PPAF's proposal at the last Trustee meeting that PPAF contract out the cleaning of the bathrooms in the restroom and stocking of paper products therein for the sum of \$6,100 for the 2014 season. In response to the Trustees' questions, Mr. Anderson explained that the \$6,100 number was based upon labor expectation of two hours per day for seven days a week over 22 weeks and material costs of \$3,100. Mr. Levenson expressed his concern about the lack of firm paper cost figures, thereby exposing the Trustees to possible cost overruns that would diminish the value of \$6,100 contract amount. Ms. Barker indicated that PPAF would be willing to renegotiate the \$6,100 contract amount later in the season if the cost of the paper products measurably exceeded the \$3,100 projections. Based upon that agreement, upon motion duly made and seconded, the Trustees unanimously resolved to contract with PPAF for maintenance of the bathrooms in the concession building for the 2014 season for \$6,100.

A discussion then ensued on the licensee for the 2014 season. Ms. Barker reiterated her comments at earlier meetings that PPAF would like to put a long-term agreement in place. Messrs. Watson and Levenson reminded her that both sides had agreed earlier in the year to finalize the terms of the 2014 season before beginning the negotiation of the longer contract. A lengthy discussion then ensued concerning the license fee for 2014. Mr. Anderson and Ms. Barker stated their concerns that 2014 is not likely to be as profitable a season as 2011, 2012 and 2013 for a number of reasons, including the cost overruns associated with the new concession building. Mr. Watson reminded them that the Trustees face similar financial issues and that the Trustees are trying to develop a sustainable financial model for the Park as well as add some predictability to PPAF in its budgeting rather than negotiating an ad hoc number at the end of each season. Ms. Barker stated that PPAF has difficulty raising funds for a license fee and that it would be easier for the Festival to raise the funds if it could agree with the Trustees on certain Park improvements that would be covered by the Festival. Mr. Watson responded that the Trustees do not intend to take on additional Park improvements until they have adequately addressed the operating deficits.

Ms. Eldridge suggested that, given the projections that the new concession building will not be open until a third of the way through the season, the Trustees and PPAF agree to reduce the license fee by one-third for the season and then give PPAF a credit for the \$6,100 contract approved earlier in the meeting on the basis that those funds would help reduce the Park's

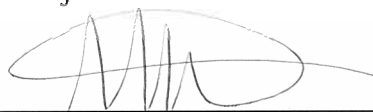
deficit. Mr. Watson stated that if a credit is given, it should be no more than the labor component of that amount because the cost of the paper products is an extra expense to the Park which has not been factored into the Park's 2014 budget.

After further discussion, Mr. Watson suggested that he would be willing to entertain a proposal to structure the license fee for 2014 such that the parties agree on an amount presently, PPAF pay one-half of that amount upon reaching agreement, with the second half due at the end of the season with the Trustees willing to credit against the balance any sums in the Park's operating festival which PPAF is able to absorb as part of its operations. As an example, he suggested the possibility that PPAF could take on responsibility for all dumpsters in the Park. Mr. Watson made clear that no credits would be given for capital improvements or other items which are not part of the Trustees' current operating budget.

Ms. Barker indicated that that proposal seemed workable to her and that she would take it to her executive committee that meets next week and return to the Trustees with a specific proposal at the next meeting of the Trustees.

The chair reported that the next meeting will take place on May 22, 2014.

Thereupon, the Trustees adjourned from the meeting to conduct a site walk of the Park and the new concession building. Following the site walk, there being no further business, upon motion duly made and seconded, the meeting was adjourned at 10:05 a.m.



Thomas R. Watson, Secretary