

INSERT MOTION - ITEM XI.A.1
Granite State Minerals, Inc.

Director Lamson:

The Pease Development Authority Board of Directors hereby authorizes the Executive Director to complete negotiations with Granite State Minerals, Inc. and to execute a License and Operating Agreement for use of a portion of the Market Street Terminal on terms and conditions substantially similar to those set forth in the draft Letter of Intent, attached hereto.

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PEASE
INTERNATIONAL

DEVELOPMENT
AUTHORITY

100 Water Street, Portsmouth, NH 03801

DRAFT FOR REVIEW AND COMMENT

October 17, 2017

Ms. Shelagh Mahoney, President
Granite State Minerals, Inc.
134 Middle Street
Lowell, MA 01852

Dear Ms. Mahoney:

On behalf of the Pease Development Authority and its Division of Ports and Harbors (“PDA-DPH” or “Port Authority”), we are pleased to submit to you the following outline of terms and conditions of a proposed License and Operating Agreement with Granite State Minerals (“GSM”) for use of bulk storage space at PDA-DPH property, as shown on Attachment A.

When executed by you and approved by the PDA Board of Directors, the terms set forth in this letter shall constitute a Letter of Intent (LOI) between the parties reflecting our mutual commitment in principle to conclude with due diligence and in good faith an appropriate License and Operating Agreement (the “License” or the “Agreement”) for storing imported road deicing salt, as set forth below. The following is a summary of the central business terms and conditions of the proposed License and Operating Agreement:

Licensor: Pease Development Authority Division of Ports and Harbors

Licensee: Granite State Minerals (GSM)

Purpose: To provide a location on which to dock ships and discharge road salt for storage at the Market Street Marine Terminal, Portsmouth, New Hampshire and distribution by truck from the terminal.

Premises: For and in consideration of the fees and rents to be paid and the covenants to be performed by GSM/ESC and subject to the terms and conditions set forth herein, the PDA agrees to License to GSM/ESC up to 3 acres, as more specifically shown on the plan attached hereto and incorporated herein as Attachment A. The Parties agree that the Premises is intended for the marshalling and storage of bulk cargo and operating equipment.

Base Term: The License shall be effective upon execution and shall continue for a base term of one (1) year, with four (4) one (1) year options, but subject expressly to early termination by the PDA/DPH.

Fees: In consideration of the License granted, GSM/ESC shall pay to the Port Authority the following annual amounts:

Storage Fees: During the base term of the License and for option years 1 and 2, GSM/ESC shall pay to PDA-DPH a storage fee at the annual rate of \$63,000 per acre for the Premises. The fee for option years 3 and 4 shall be subject to CPI adjustment.

Scale House Fee: During the base term of the License, GSM/ESC shall pay to PDA-DPH for non-exclusive use of the Office and Scale a scale house fee at the annual rate of \$12,000 plus any pro rata share of utility charges in connection with this use.

Terminal Charges: During the term of the License, GSM/ESC shall pay to PDA-DPH Terminal Charges, to include without limitation, dockage and wharfage, at rates established from time to time by the PDA-DPH. As of the Term Commencement Date, the Terminal charges in effect are attached hereto as Attachment B.

Cargo Reports: On or before the fifteenth (15th) day of each month, GSM/ESC shall prepare and submit a Cargo Report in a form provided by or reasonably satisfactory to PDA-DPH showing all information concerning GSM/ESC's cargo activities for the previous calendar month. Such report shall, at a minimum, consist of scale receipts, the draft survey and identifying the road deicing salt remaining in the Storage Area as of the report date. Any confidential financial or proprietary business information in accordance with NH RSA 91:A, should be marked as such prior to transmission.

Gate Security Charges: During the term of the License, GSM/ESC shall pay to PDA-DPH the actual cost of gate security required by GSM/ESC's operations. PDA-DPH will not allocate costs for gate security Monday through Friday from 0600 to 1600 hours. (See Attachment B.)

Sweeping of Licensed Premises: During the term of the License, GSM/ESC shall, at its sole cost and expense, arrange for and provide sweeping services to clean debris from the Licensed Premises and the DPH Common Areas following loading operations. At the election of the Division Director, Sweeping operations may be performed by DPH at an hourly rate of \$125.00/hour.

Minimum Annual Guarantee: GSM/ESC agrees to provide PDA-DPH with a minimum annual guaranteed revenue of \$450,000 to include only those charges for dockage, wharfage and storage area rental.

Use: The purposes for which GSM/ESC may use the Storage Area are as set forth above in 'Purpose.'

Except as otherwise specifically provided herein, or otherwise consented to in writing by the PDA-DPH, the following terms and conditions shall be applicable to GSM/ESC's use of the Premises and Scale House.

1. The rights of GSM/ESC under the License shall be subordinate to PDA-DPH's rights to manage the DPH facility and other common areas and roadways, which rights shall include, without limitation, the right to impose reasonable rules and regulations relating to the location of equipment, use of the common areas and roadways and the right to add, delete, alter or otherwise modify the designation and use of all DPH facilities and parking areas, entrances, exits, roadways and other areas of the DPH, to the extent all of the foregoing are not part of the Premises; provided, however, that Licensee shall continue at all times to have reasonable access to and use of the Premises and the areas available for common use.

PDA may, at its sole discretion, authorize GSM/ESC to conduct any uses not expressly authorized under its License subject to the execution of an appropriate agreement which shall include a provision requiring the payment of established fees and charges that may be applicable to any such additional uses consented to by PDA. GSM/ESC is prohibited from any use of the Storage Area and DPH Common Use Areas not specifically granted in the License.

GSM/ESC warrants that it holds all certificates, permits, licenses or other entitlement required by federal, state or local laws in order to allow GSM/ESC to conduct the permitted uses hereunder, and that the same are, and will be, kept current, valid and complete. GSM/ESC further warrants that it shall at all times abide by and conform with all terms of the same and that it shall give immediate notice to PDA-DPH of any additions, renewals, amendments, suspensions or revocations. In the use and occupation of the Storage Area and the conduct of such business thereon and in the DPH Common Use Areas, GSM/ESC, at its sole cost and expense, shall promptly comply with all present and future laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, courts, departments, commissions and boards, any national, state or local Board of Fire Underwriters, or any other body exercising functions similar to those of any of the foregoing.

a GSM/ESC, its employees, contractors, subcontractors, agents, servants and invitees shall comply with all federal, state and local laws, rules and regulations which apply to the conduct of the uses contemplated herein. GSM/ESC, its employees, agents, contractors, subcontractors or assigns shall also comply with any rules and regulations promulgated by PDA-DPH for operation of the DPH as the same may be from time to time established or amended. Responsibility for compliance with all federal, state and local laws required by this Article rests exclusively with GSM/ESC. PDA-DPH assumes no

enforcement or supervisory responsibility except with respect to matters committed to its jurisdiction and authority.

**Condition of
Licensed**

Premises: GSM/ESC acknowledges that it has inspected the Licensed Premises, including the parking area and all improvements and other facilities thereon, and that it has determined that the said Licensed Premises are in apparent good and tenable condition. GSM/ESC accepts said Licensed Premises in their present condition and without any representation or warranty by the Port Authority as to their condition or as to the use which may be made thereof and without obligation on the part of the Port Authority, except as specifically set forth herein to make any alterations, repairs, improvements or additions. Further, the Port Authority shall not be responsible for any latent or other defect not known by the Port Authority or any change of condition in said Licensed Premises. Nothing contained in this letter or the License shall be deemed to constitute a waiver of the sovereign immunity of the State of New Hampshire which at all times is reserved to the State of New Hampshire.

**GSM/ESC's
Work:**

Except as specifically provided in this letter or the License, GSM/ESC, at its sole cost and expense, shall do all work necessary to prepare the Licensed Premises for its use.

The following is a partial list of issues identified and required to be addressed by GSM/ESC to the satisfaction of PDA-DPH during negotiation of the License in connection with GSM/ESC's proposed use of the Licensed Premises.

- a) Truck queuing on Market Street
- b) Height of salt piles
- c) Compliance with the National Fire Code, NFPA Chapter 31
- d) Required protection of pier surface
- e) Inspection of pier deck and terminal pavement following loading
- f) GSM/ESC's ongoing responsibility to review and update as necessary its control procedures and best management practices to assure compliance with applicable environmental regulations
- g) GSM/ESC's compliance with NHDES fugitive dust regulations
- h) GSM/ESC's compliance with NPDES discharge regulations

**Indemnification
and**

Insurance: During the term of the License, GSM/ESC shall provide and shall require all contractors, agents or employees of GSM/ESC to carry (i) worker's compensation and employer's liability insurance in an amount and form which meets all

applicable requirements of the labor laws of the State of New Hampshire, as amended from time to time, and which specifically covers the persons and risks involved in this License; (ii) commercial general liability insurance to a limit of not less than Two Million Dollars (\$2,000,000) with respect to damage to property and to personal injury, bodily injury or death of any one or more persons and with no deductible or such deductible amount as may be authorized by the Port Authority; (iii) Longshore and Harbor Workers' Compensation Act insurance coverage for all maritime employment related activities in connection with the rights granted under this License; (iv) automobile liability insurance in amounts approved from time to time by the Port Authority, but not less than One Million Dollars (\$1,000,000) combined single limit for owned, hired and non-owned automobiles; and (v) pollution liability coverage in a minimum amount of \$1,000,000.00.

With the exception of the Workers Compensation policy, the liability policies shall name PDA-DPH as an additional insured, include a waiver of subrogation in favor of the State of New Hampshire and the PDA-DPH and provide that such coverages shall be primary and non-contributing with respect to any coverage, self-insured or otherwise, which may be carried by the State or PDA-DPH. Amounts and types may change from time to time contingent upon the nature and scope of operations being conducted on PDA-DPH properties. Insurance provided may not be cancelled without providing PDA-DPH with at least thirty (30) days advance written notice.

GSM/ESC agrees to indemnify, defend and hold harmless the Port Authority and the State of New Hampshire from any and all claims, judgments, damages, penalties, fines, assessments, costs and expenses, liabilities and losses resulting or arising during the term of the License actions, demands and causes of actions caused by or resulting from (i) any conditions of the Licensed Premises, which condition first arises during the term of the License (ii) from any breach or default on the part of GSM/ESC in the performance of any covenant or agreement to be performed pursuant to the terms of the License, or from any act or omission of GSM/ESC, or any of its agents, contractors, servants, employees, licensees or invitees; and (iii) from any accident, injury, death, loss or damage whatsoever caused to any person or property occurring during the term of the License or as the result of GSM/ESC's exercise of the rights granted to it pursuant to the License.

Maintenance:

GSM/ESC covenants and agrees, throughout the term of this License, without cost to the Port Authority to take good care of the Licensed Premises and related improvements, including sidewalks, curbs, access routes and or parking areas

Ms. Shelagh Mahoney, President
Granite State Minerals, Inc.
October 17, 2017
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designated for Licensees use and to keep the same in good order and safe operating condition at all times.

On the expiration or termination of this License, GSM/ESC shall surrender to PDA-DPH the Storage Area and Scale House, including any improvements thereon free of all storage materials, residue or debris, in good order, condition and repair, reasonable wear and tear excepted. GSM/ESC's obligations with respect to this provision shall survive the expiration or termination of the License.

PDA and GSM/ESC shall inspect and record the condition of the Licensed Premises prior to the Term Commencement Date and within five business days of the termination or expiration of the License to identify damage and required maintenance, repair or replacements to the Licensed Premises and or the DPH Common Areas, as a result of the use by GSM/ESC.

Compliance GSM/ESC's use of the Licensed Premises shall be orderly and efficient and shall not cause any disruptions to other Port Authority activities. GSM/ESC shall not cause or maintain any nuisance on the Licensed Premises. GSM/ESC warrants that prior to engaging in any permitted use, it will hold all certificates, permits, license or other entitlements required by federal, state or local laws in order to allow GSM/ESC to conduct the permitted uses hereunder, and that the same are, and will be, kept current and complete. In its use and occupation of the Licensed Premises and the conduct of its business thereon, GSM/ESC, at its sole cost and expense, shall promptly comply will all present and future laws, ordinance, orders, rules, regulations and requirements, to the extent in each of the foregoing cases that such are applicable and have the force of law.

Use of the PDA-DPH property shall be subject to the supervision of PDA-DPH staff and PDA-DPH reserves the right to alter, limit or terminate GSM/ESC's operations if the same are reasonably determined by PDA-DPH to pose a safety hazard, an environmental hazard or a reasonable risk of damage to the PDA-DPH property.

This letter does not constitute a reservation of the Licensed Premises, an option to Lease and/or License of the Premises, or an offer Lease and/or License the premises and no legal obligation shall arise with respect to the Premises or Lease or License thereof until a License and Operating Agreement is executed by the Parties, following requisite approval as stated above.

If the summary terms and conditions are acceptable to you, it is our hope that you will be in a position to advise us of your commitment to the Port Authority by executing this original and the enclosed copy in space provided and returning the original to me. If you have any questions, please call me directly.

Ms. Shelagh Mahoney, President
Granite State Minerals, Inc.
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Sincerely,

David R. Mullen
Executive Director

I have read the foregoing and it correctly states the terms upon which we will proceed to negotiate and execute a mutually acceptable License and Operating Agreement subject to the approval of the PDA Board of Directors and any other governmental approvals that may be required.

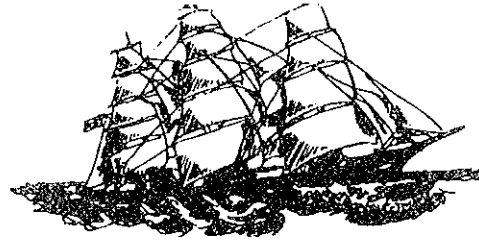
Granite State Minerals, Inc.

By _____
duly authorized

Attachment A

Plan of Licensed Premises

Attachment B
Terminal Charges



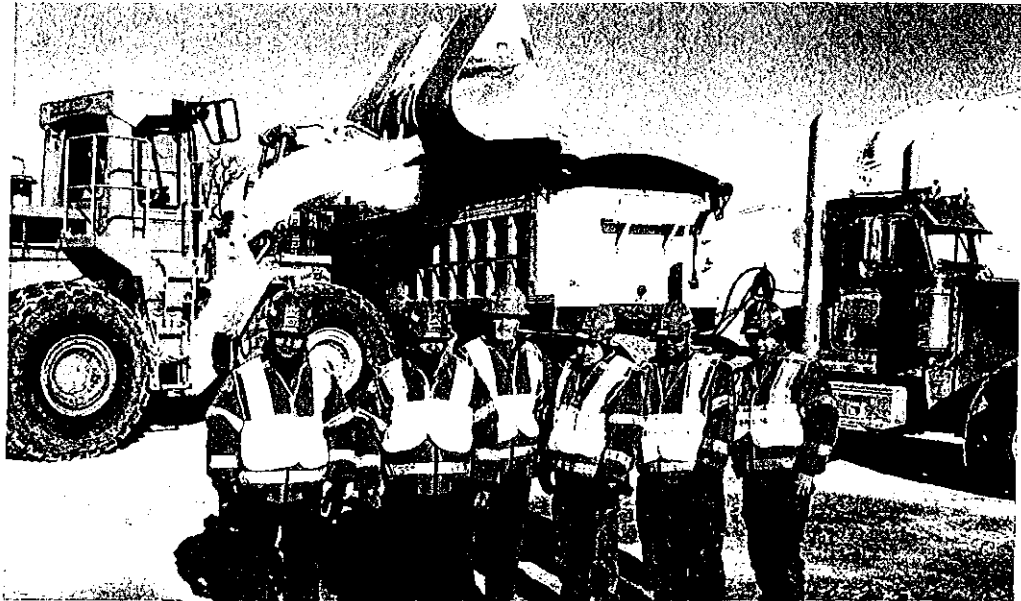
Eastern Salt Company

**Granite State Minerals
Eastern Salt Company, Inc.
Proposal for the
Market Street Marine Terminal**

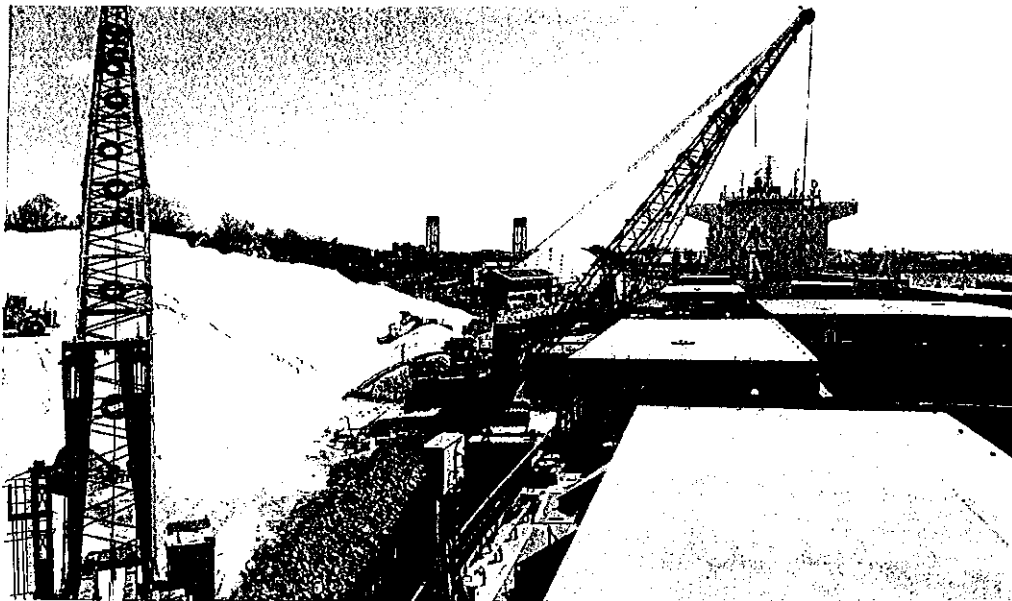


**To: Geno Marconi, Director of Ports and Harbors
 Port of New Hampshire
 Pease Development Authority,
 Division of Ports & Harbors
 555 Market Street
 Portsmouth, NH 03801**

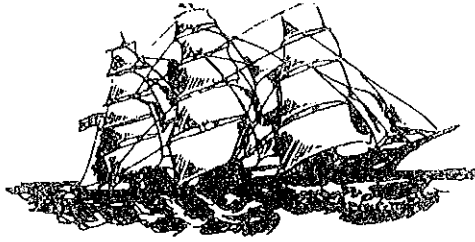
**From: Ms. Shelagh Mahoney
 President, Eastern Salt Company, Inc.
 134 Middle Street
 Lowell, MA 01852
 Phone: 978-458-6420
 Email: smahoney@easternsalt.com**



Dock workers and truck loading at our Boston Harbor terminal.



Ship unloading at our Boston Harbor terminal.



Eastern Salt Company

January 17, 2017

Geno Marconi, Director of Ports and Harbors
Port of New Hampshire
Pease Development Authority, Division of Ports & Harbors
555 Market Street
Portsmouth, NH 03801

Re: **Proposal for the Market Street Marine Terminal**

Dear Mr. Geno Marconi,

I am submitting this letter to express interest and submit Granite State Minerals/Eastern Salt Company, Inc.'s ("GSM/ES") proposal to use a portion of the Market Street Marine Terminal (MSMT).

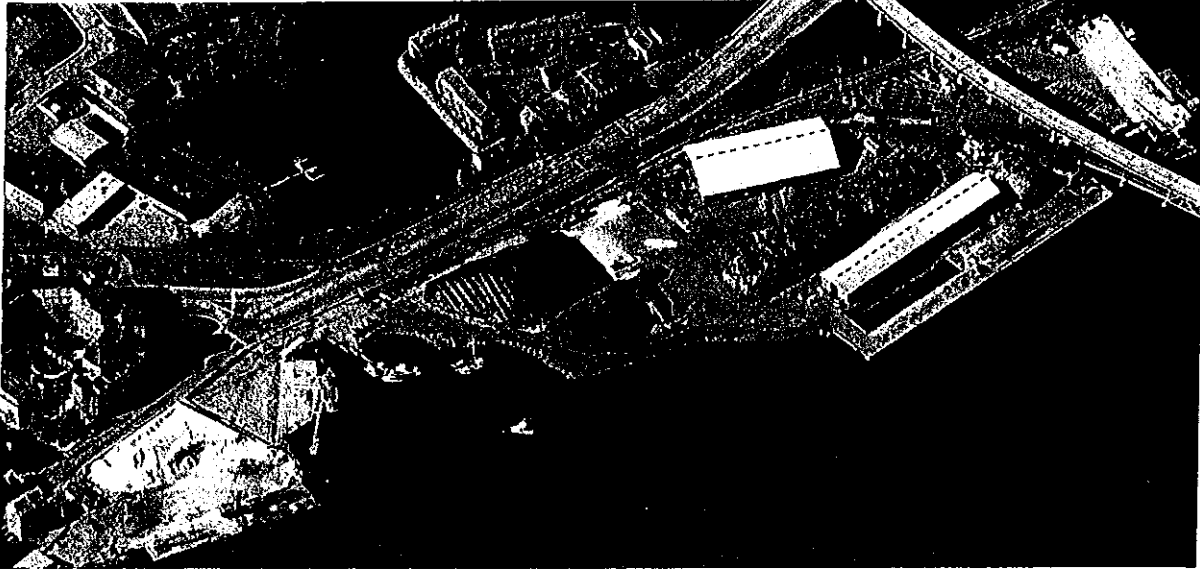
We have aimed to keep this proposal succinct. However, we are happy to answer any questions or provide any further information that you might request.

I can be contacted at:

Shelagh Mahoney, Eastern Salt Company, Inc., President
Email: smahoney@easternsalt.com
Telephone: 978-458-6420
Address: 134 Middle Street, Floor 2, Lowell MA, 01852,

Sincerely,

Shelagh Mahoney, President
Eastern Salt Company, Inc.



MSMT & Granite State Minerals (birds-eye view from Bing.com)

Introduction

Granite State Minerals/Eastern Salt Company, Inc. (GSM/ES) proposes to lease and operate within a three acre portion of the Market Street Marine Terminal (MSMT) for transshipping bulk salt to be distributed to the city and region by truck, as part of the region's winter storm preparedness and response program. Please see Figure 1 for our proposed MSMT layout.

Who We Are

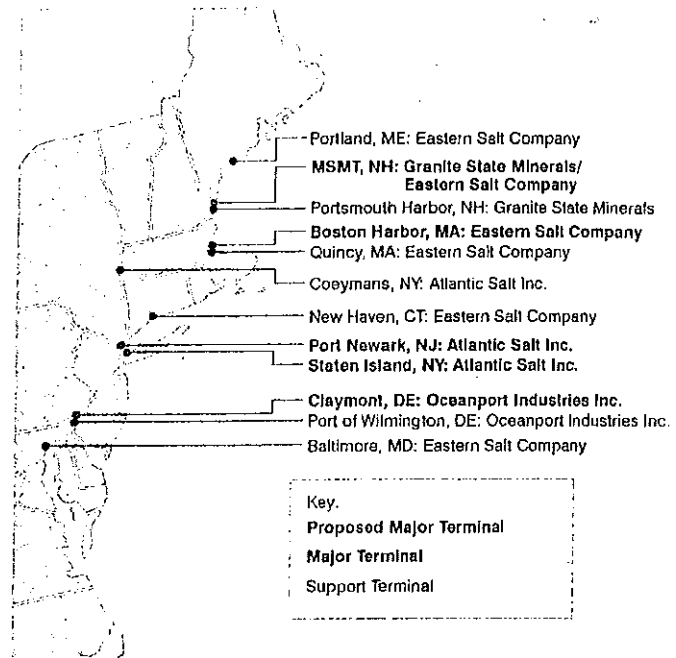
Reliability: Eastern Salt Company is a second generation, family owned company, that has been operating dry-bulk marine terminals, for de-icing salt, in the northeast region of the USA for over 60 years. Eastern Salt Company recently acquired Granite State Minerals, located south-east of the MSMT in Portsmouth. Granite State Minerals has successfully and reliably supplied bulk de-icing salt to the New Hampshire region since 1959.

In addition to Granite State Minerals, Eastern Salt's subsidiaries and affiliates include:

- Atlantic Salt, Inc. - Serving the region of NY and NJ since 1974
- Eastern Minerals & Eastern Salt Company - Serving the region of MA, ME, and CT since 1954
- Oceanport Industries, Inc. - Serving the region of DE and MD since 1989
- Compañía Minera Cordillera (CMC) - Mining and shipping salt from Chile since 2007
- Irish Salt Mining and Exploration (ISME) - Mining and shipping salt from N. Ireland since 1965

Terminals: Our company operates from eleven terminals in the Northeast region of the USA. Our current Portsmouth operations are limited by the size of our dock. Expanding operations into the MSMT will allow us to upgrade the terminal to become a major terminal within our operations and help us to better serve the New Hampshire regions deicing needs.

Public Private Partnerships: Many of our terminals have involved long-term public private partnerships (PPP) either through operations agreements with port authorities, such as the PANYNJ or through close collaboration on terminal developments with city planning agencies.



Local Focus with Global Support: The merger of Granite State Minerals into Eastern Salt strengthens the companies supply chain to the local region. Eastern Salt Company manages the operations of two rock salt mines through affiliate companies, Compañía Minera Cordillera (CMC) in Chile and the Irish Salt Mining and Exploration company (ISME) in Northern Ireland. Control of these mining operations ensures a reliable and sustainable material flow. These companies provide our company with more than 100 years of anticipated salt reserves. Please see Figures 2 & 3 for reference images of these mining operations.

Community Engagement: We have extensive experience with the best management practices, maintenance regimens, and operational logistics necessary to be positive neighbors to both our environment and the community. This has been proven through our decades of experience operating marine terminals in dense urban communities along the east coast. We are equally accountable for meeting the community's needs for safety and mobility, as well as meeting the community's need to foster commerce and create positive civic engagement. Over many decades of work, Granite State Minerals has forged numerous positive community relations in Portsmouth. Similarly, Eastern Salt Company and its subsidiaries like Atlantic Salt, Inc. have built bonds in all of the other urban neighborhoods we work within by connecting our facilities with the community. It is our intention to continue these traditions in Portsmouth. Please see Figure 4 for reference images of festivals held on our marine terminals in Boston and New York Harbors.

Expanding Our Longstanding Operations in Portsmouth

Dependability in the Unpredictability of Winter: Our existing terminal in Portsmouth has successfully and safely served the NHDOT and the NH region for many decades. However, an expansion of our operations into the MSMT will improve our ability to service the region with a dependable 'on-the-ground' stockpile of salt. Our product is relied upon and demanded by cities, towns, highway departments and institutions at the time of unpredictable storm events. As evidenced in just the last few New England winters, the amount of snowfall and ice events can be wildly varied from year to year. The ability to have an additional salt stockpile on the ground ready for the beginning of the salt season, and to receive ships at an additional location in the harbor during peak winter season, will significantly benefit the city, state and region's wintertime resilience and storm preparedness, and our ability to meet our client's demands.

Efficiency: Having an additional stockpile of salt on the ground will also help us distribute salt at a more consistent, predictable and efficient pace. This will help us reduce peaks and surges of demand, which cause the most difficult traffic and distribution management.

Proposed Terminal Use

Please refer to Figure 1:

Zone 1: We propose to utilize this 3-acre area for the stockpiling of salt.

Zone 2: We propose to utilize this area as temporary cargo laydown for unloading ships. We would require a free and clear vehicular passage between zones 1 and 2 during the period that a ship would be discharging at the dock.

Mobile Hoppers: We may propose installing two mobile hoppers in the shore-side cargo laydown area (Zone 2). These hoppers would receive salt cargo discharged from ships and load trucks to transport the cargo to the stockpile area. When not in use, these mobile hoppers could be relocated outside of the cargo laydown area.

Truck Scale/s: We propose using the existing truck scale and associated dispatch building for our operations. However, we are also open to discussing the installation of a second or alternative truck scale and dispatch building location.

Experience and Longevity

Operations and Maintenance: Through over 60 years of operating marine industrial docks along the east coast of the USA we have become exceptionally experienced with the unique demands of developing, managing, and maintaining marine industrial terminals through both day-to-day operations and extreme weather conditions. Among our staff, we have hundreds of years of combined experience designing and implementing Best Management Practices, Worker Health & Safety Plans, and Operations and Maintenance Programs for preserving and advancing maritime infrastructure. We are happy to provide our best management/worker health and safety plans and maintenance programs if requested.

Respect for Port Authority Infrastructure: We are also experienced with managing our operations within public port authority infrastructure. We have operated on land in the Port of NYNJ for over two decades. It will be our goal to respect and maintain the infrastructure of the port as a high-quality facility.

Longevity: Granite State Minerals and Eastern Salt Company are both long-time suppliers of road salt to the New England region and to both the NHDOT and MassDOT. Eastern Salt Company has been supplying salt in New England since 1956, and Granite State Minerals has been operating in Portsmouth, NH since 1959. Our company has also established two international rock salt mines with over 100 years of salt reserves to supply our operations here on the east coast USA.

As Soon As Possible: We are ready to commence operations at the MSMT as soon as it is available.

Long Term Commitment to the MSMT: Our goal would be to establish a long-term and sustainable use of the MSMT for our operations. We would be happy to discuss a long-term lease agreement.

Draft Sublease Terms

Please refer to Figure 1 for a diagram of the spaces referenced below.

1. **Basic Transaction:** Granite State Minerals/Eastern Salt Company, Inc. ("GSM/ES") would lease an approximately (3) acre portion of the Market Street Marine Terminal ("MSMT") from the Pease Development Authority, Division of Ports & Harbors (PDA-DPH). The 'Zone 1 dry-bulk stockpile area' of MSMT, would be used for stockpiling road salt. The 'Zone 2 cargo laydown area' would be available for unloading salt cargo from ships. Additionally, the lease would provide clear and unimpeded truck access routes between the stockpile zone and the shore-side cargo laydown area at times that a ship or barge is berthed. We propose using the existing truck scale and dispatch building for our operations.
2. **Lease Term:** GSM/ES proposes a lease term of 120 months. We propose that the Lease Term will automatically renew for an additional period of 120 months, unless written notice of non-renewal is provided. We are open to discussing other lease terms.
3. **Rent for Stockpile Area:** During the Lease Term of this agreement, GSM/ES shall pay to PDA-DPH a storage fee at the annual rate of \$63,000 per acre for the stockpile area. GSM/ES would pay PDA-DPH \$5,250 per month, per acre, payable in advance, on or before the first day of each month.
4. **Truck Scale and Dispatch Building:** GSM/ES would pay PDA-DPH \$12,000 per year (\$1,000 per month) for use of the existing truck scale and dispatch building. GSM/ES would also be willing to discuss the installation of a second or alternative truck scale location on the terminal.
5. **Dockage and Wharfage:** GSM/ES shall be permitted to undertake the docking and unloading of ships and barges at the MSMT ship berth. The rates for dockage and wharfage of transshipping salt, as established through PDA-DPH terminal charges, will be:

Dockage: \$0.29 per net registered ton per twenty-four hour period

Wharfage: \$0.85 per net ton
6. **Guarantee:** GSM/ES would guarantee total annual minimum revenue of \$450,000.

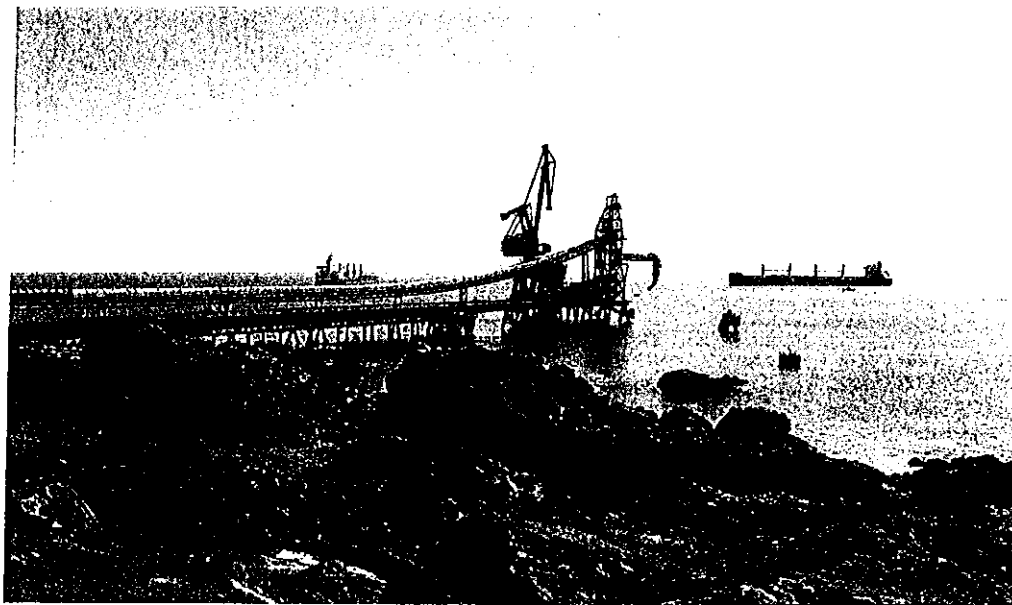
Figure 2: Affiliate Salt Mine & Port, Chile



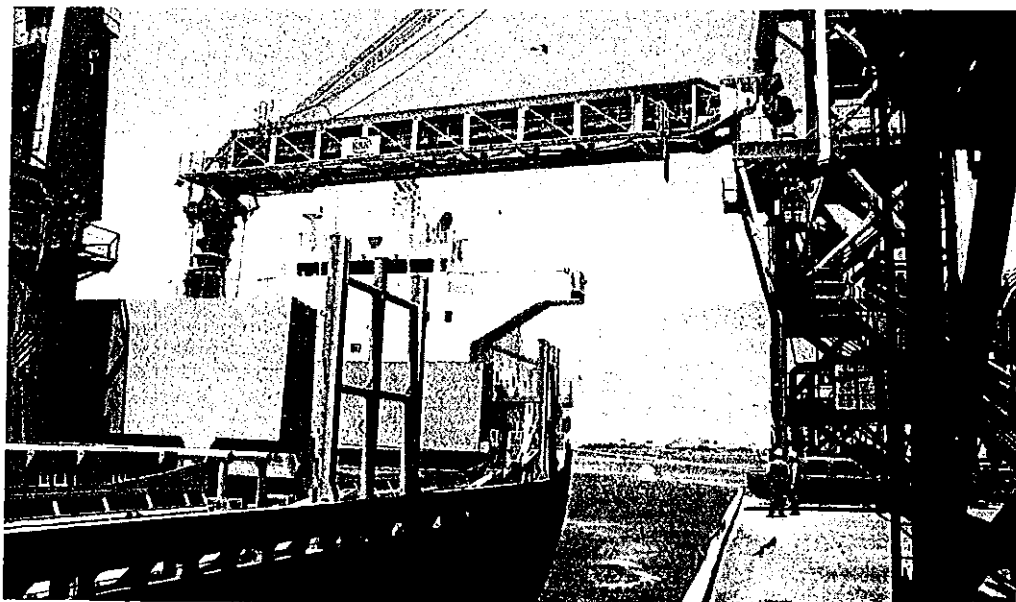
Open pit salt mine of our affiliate company in the Atacama Desert, Chile.
Compañía Minera Cordillera (CMC)



Crushing plant of our affiliate company in the Atacama Desert, Chile.
Compañía Minera Cordillera (CMC)

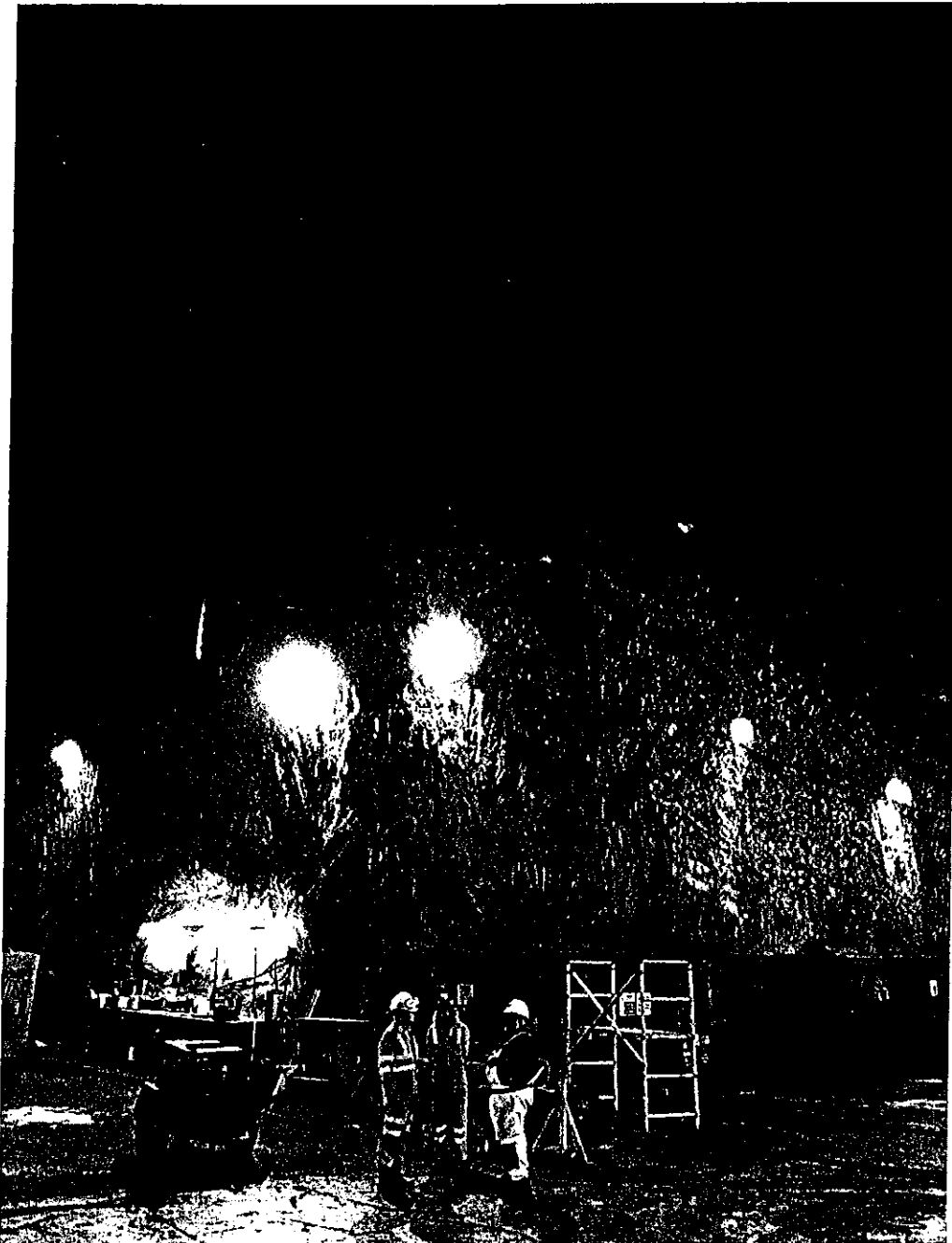


Load pier at our affiliate company in Puerto Patache, Chile.
Terminal Maritimo Patache (TMP),

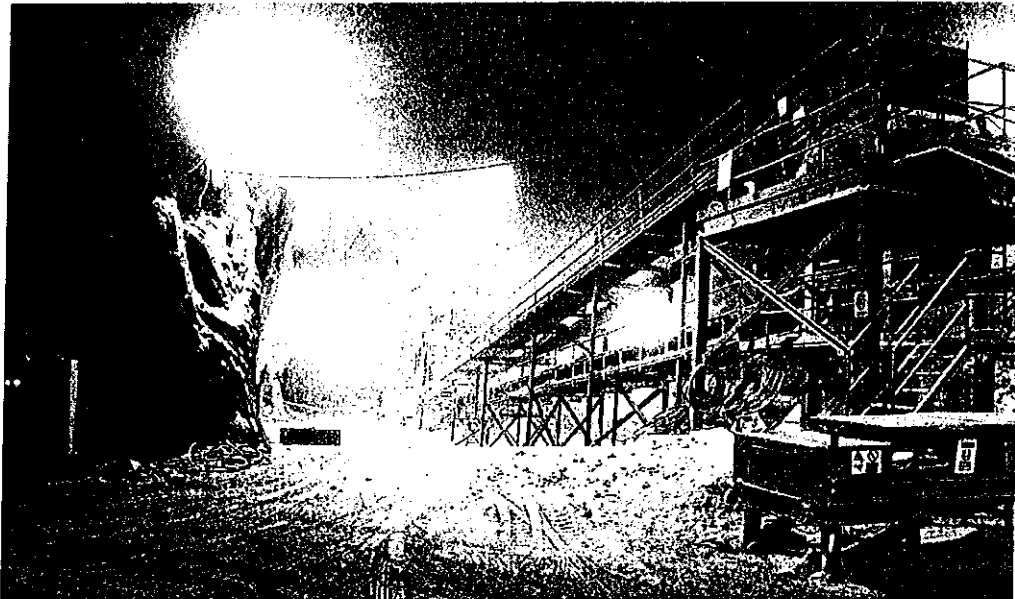


Loading a ship with salt at our affiliate company in Puerto Patache, Chile.
Terminal Maritimo Patache (TMP),

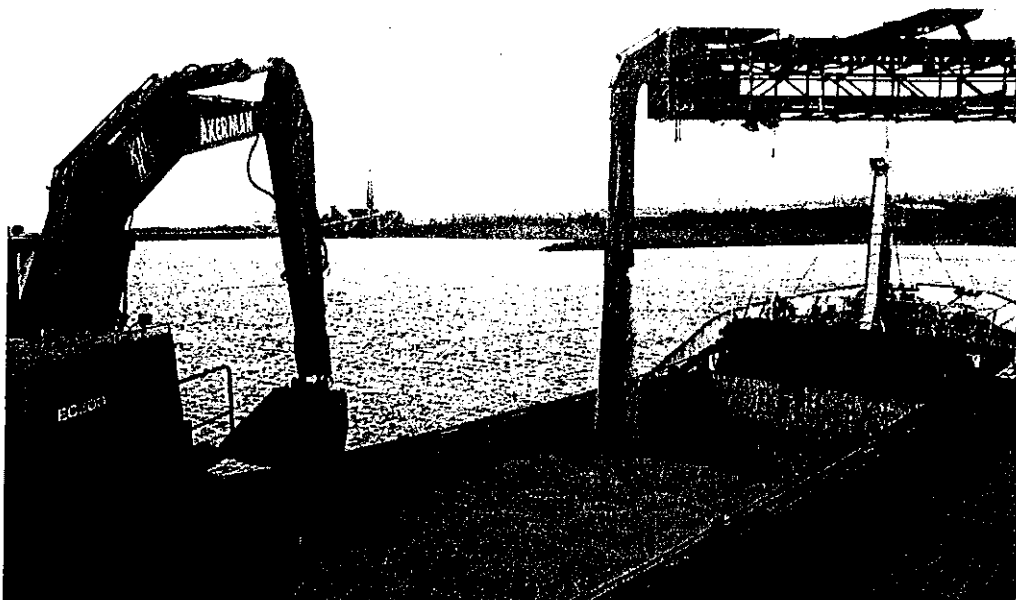
Figure 3: Affiliate Salt Mine & Port, Northern Ireland



Subterranean salt mine of our affiliate company in Northern Ireland.
Irish Salt Mining and Exploration Company (ISME)

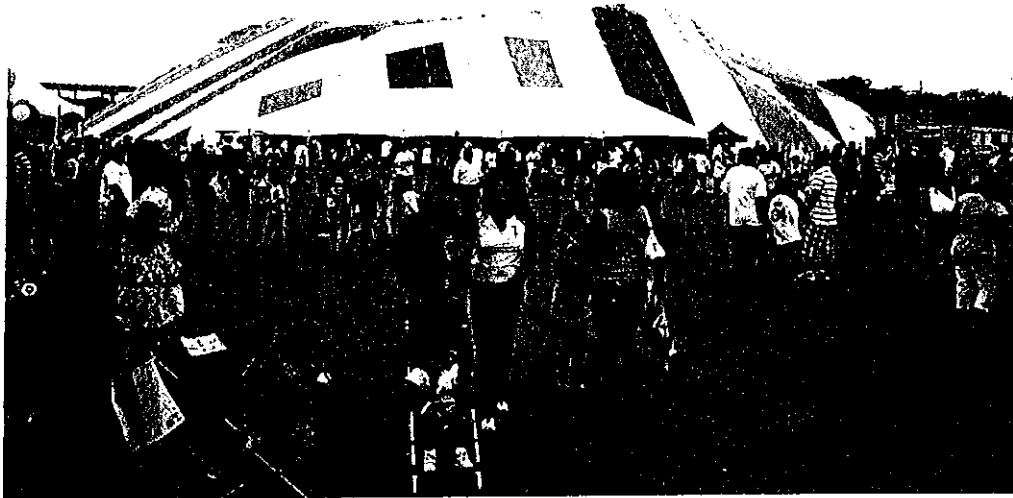


Subterranean crushing plant of our affiliate company in Northern Ireland.
Irish Salt Mining and Exploration Company (ISME)

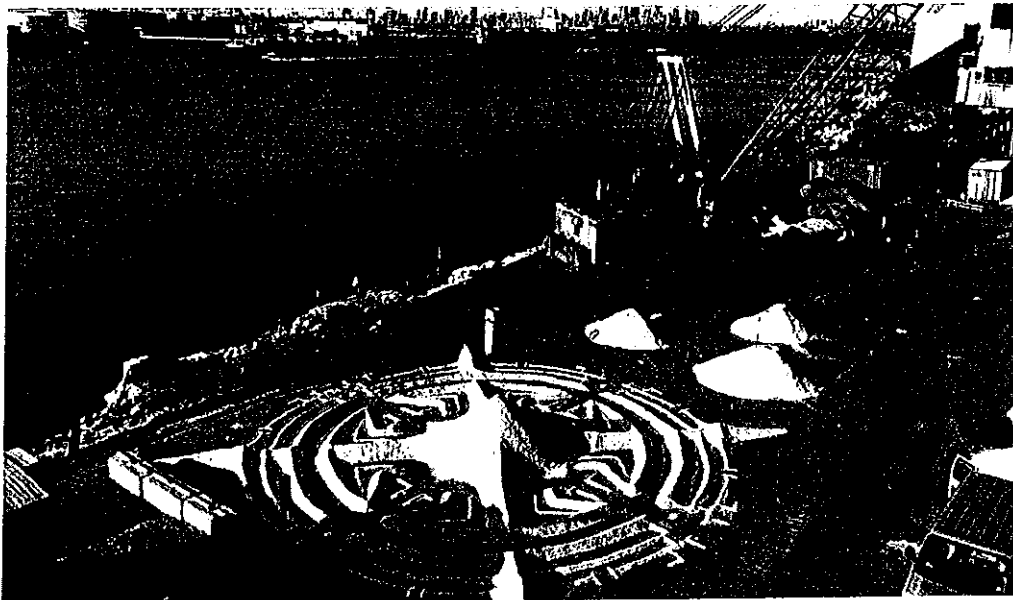


Loading a ship with salt at our affiliate company in Northern Ireland.
Irish Salt Mining and Exploration Company (ISME)

Figure 4: Public Festivals On Our Salt Docks

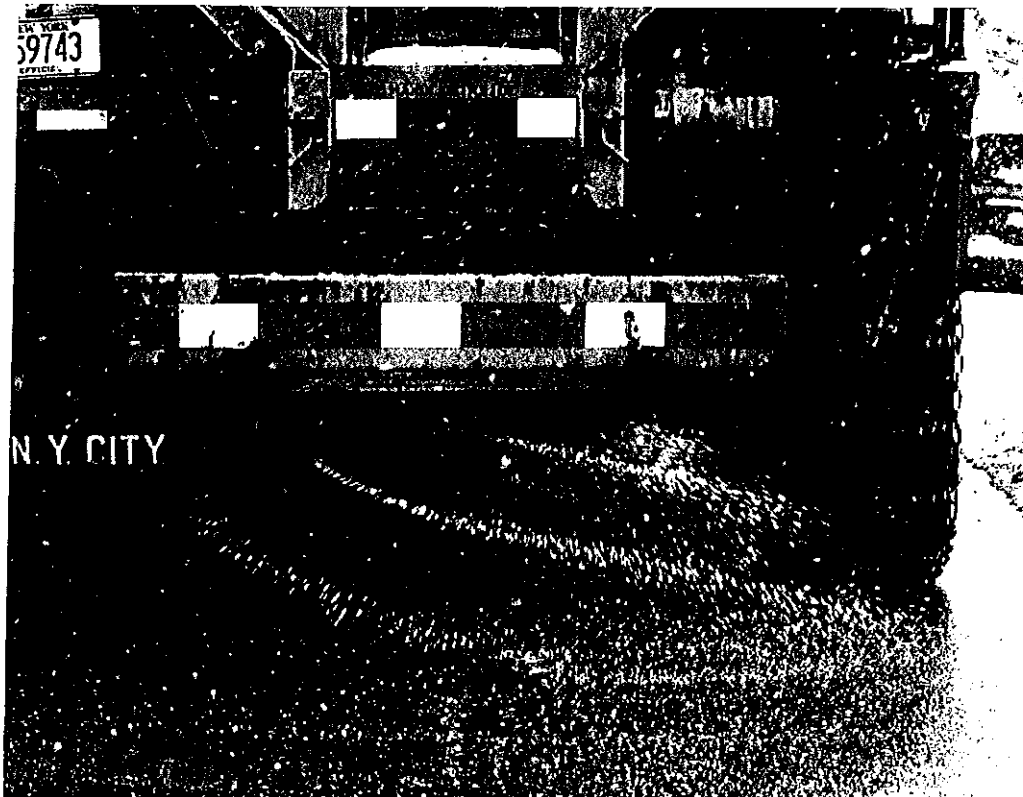


Maritime & Tall Ship Festival on our Eastern Salt/Minerals salt dock on Boston Harbor .



Salt sculpture installed on our Atlantic Salt dock in Staten Island, NYC.





De-icing with our salt in New York City.