

**QUONSET DEVELOPMENT CORPORATION
MEETING OF BOARD OF DIRECTORS**

September 15, 2015

PUBLIC SESSION MINUTES

A meeting of the Board of Directors of the Quonset Development Corporation (the "Corporation") was held at 5:00 p.m. on Tuesday, September 15, 2015, at the offices of the Corporation located at 95 Cripe Street, North Kingstown, Rhode Island, pursuant to notice to all members of the Board of Directors and a public notice of the meeting as required by the Bylaws of the Corporation and applicable Rhode Island Law.

The following members constituting a quorum were present and participated throughout the meeting as indicated: Guy Asadorian, Jr., Shannon Brawley, John A. Dorsey, Carol Hueston, Gregory A. Mancini Kerry P. McKay, Stefan Pryor, and James Rugh. Absent were: Martha Holt Castle, Scot A. Jones, and Guillaume de Ramel. Also present were: Steven J. King, P.E., Managing Director; E. Jerome Batty, Secretary; and Corporation's staff and members of the public.

1. **CALL TO ORDER:**

The meeting was called to order at 5:13 p.m. by Chairman Stefan Pryor.

2. **APPROVAL OF MINUTES:**

A. Upon motion duly made by Mr. Rugh and seconded by Mr. McKay, the Board:

VOTED: To approve the Public and Executive Session Minutes of the July 21, 2015 meeting as presented.

Voting in favor were: Guy Asadorian, Jr., Shannon Brawley, John A. Dorsey, Carol Hueston, Gregory Mancini, Kerry P. McKay, and James Rugh.

Voting Against were: None.

Unanimously Approved.

3. **STAFF REPORTS:**

Mr. King reviewed the staff report with the Board of Directors.

Mr. King added to his report that the Corporation's Public Relations RFP has been awarded to New Harbor Group. Mr. King also noted that 8 towns have sent resolutions to the Corporation in support of the Quonset Air Museum, which leases property in the park from

the RI Airport Corporation (“RIAC”). The Quonset Air Museum has been instructed by RIAC to perform necessary upkeep to the building by September 30, 2015 or their lease will be terminated, however, the museum is struggling and has contacted the local townships for support. Mr. King stated the Corporation has no involvement- with their lease and has provided the letters to RIAC for their upcoming meeting regarding the matter.

4. **COMMITTEE REPORTS:**

There were no meetings of the Quonset Development Corporation committees.

5. **ACCEPTANCE OF THE FY2015 AUDITED FINANCIAL STATEMENTS:**

Mr. Barry, Finance Director, provided to the Board; “Statements of Revenues and Expenses” and “Statement of Net Position” comparing 2014 and 2015 year end totals (Exhibit A). Mr. Barry explained the comparison sheet showed clearly the overall changes between the years. He noted that total operating revenues were up 6.4% from 2014 mostly due to increased revenue from leases and pier activity. He also pointed out that operating expenses remained relatively flat. Finally, Mr. Barry stated that the Corporation’s total net position has increased a little over \$3 million dollars since 2014.

Mr. Barry introduced Steven Cohen from O’Conner & Drew, P.C. who reviewed the findings of the 2015 audit (Exhibit B). Mr. Cohen stated his firm conducted an audit in accordance with auditing standards generally accepted in the United States of America and standards contained in Governmental Auditing Standards. O’Conner & Drew found the Corporation had no material weakness or significant deficiencies in internal controls and compliance and provided an unmodified opinion on the Corporation’s financials.

Mr. Cohen briefly reviewed significant accounting policy changes to the GASB 68 policy related to Accounting and Financial Reporting for Pensions. He pointed out that although 99% of pensions were negatively affected, the Corporation was not and the Corporation’s pensions remain fully funded. Mr. King noted that pensions have a separate audit conducted by BlumShapiro and that data was shared with O’Connor & Drew for the purpose of this audit.

Mr. Cohen also gave an update on a prior year’s matter noting that in a previous I-9 sampling, the Corporation had one incomplete form, however, this year’s sampling was complete and had no errors.

Mr. Asadorian stated that the Audit Finance Committee reviewed the audited financial statements and recommends to the Board that the statements be accepted pending approval by the RI Auditor General.

Upon motion duly made by Mr. McKay and seconded by Ms. Brawley, the Board:

VOTED: To accept the FY2015 Audited Financial Statements as presented to the Board, subject to approval by the State Auditor General.

Voting in favor were: Guy Asadorian, Jr., Shannon Brawley, John A. Dorsey, Carol Hueston, Gregory Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

6. APPROVAL OF THE FY2017 OPERATING BUDGET:

Mr. King began by explaining that FY2017 Budget is more understandable when the FY2015 actual numbers are used for comparison, since we are only a few months into FY2016 and the figures are projected months in advance. The possibility of the Corporation creating a revised budget during the year is being considered.

The Board reviewed the FY2017 budget. Mr. Barry pointed out rental income has a projected decrease but stated the Corporation takes a conservative view on terminations and does not project them beyond that fiscal year, however, in many cases, leases continue. Pier and Water revenues were projected with a 2% increase which is consistent with historical data but depends on weather conditions. Mr. Barry noted a decrease in Waste Water revenue in 2017 when the Corporation will switch over 200 individual users to 4 or 5 connections with the Town. The Corporation bills the Town directly for those connects and the individual meter fees will be decreased significantly. Airport Fund Allocation revenues are expected to increase in FY2017 based on new leases with EB and Goodison.

Mr. Barry reviewed expenses and noted for the first time, the Corporation added a fulltime position to the payroll for FY2017. This position is the Romano Vineyard Way offices receptionist. The addition of a receptionist has contributed to both 70 and 100 Romano Vineyard Way offices being at full capacity. The Corporation also recently reclassified several employees bringing those employees to their new minimum grade level compensation. Mr. Barry also noted the Corporation always budgets a 3% increase in salaries but has not given that percentage of increase in several years. Along with payroll, Mr. Barry stated medical and dental costs are a major expense noting the Corporation participates in a Health Reimbursement Benefit ("HRB") that saves the Corporation money if the staff is healthy. Employees also pay 20% of their premium. FY2017 represents a 7.5% increase in medical expenses which is consistent with past numbers but the Corporation will have more data from the HRB this year.

Mr. Barry noted other increases include "Legal & Audit" expenses, which increases as projects increase; gas and electricity are also projected to increase due to costs and 2 new office buildings. A new line item, "Snow Removal at the Port", was added as an expense for FY2017. Mr. Barry explained the Corporation's maintenance staff removes the snow in the park but concentrates on the roadways first but because the Port has such robust activity, immediate removal is also necessary.

Finally, the Board reviewed the list of FY2017 projects and funding. Mr. Asadorian stated the Audit Finance committee has reviewed the Corporation's assumptions and recommends approval by the Board.

Upon motion duly made by Ms. Hueston and seconded by Ms. Rugh, the Board:

VOTED: To approve the FY2017 Operating Budget as presented to the Board.

Voting in favor were: Guy Asadorian, Jr., Shannon Brawley, John A. Dorsey, Carol Hueston, Gregory Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

7. AUTHORIZATION FOR FINANCE COMMITTEE MEMBER ASADORIAN TO BE ADDED AS SIGNATORY TO CORPORATE BANKING ACCOUNTS:

Mr. King explained that Barbara Jackson was the previous signatory on the Quonset Development Corporation's bank accounts along with Mr. King and Mr. Barry. Ms. Jackson is no longer a board member and the Corporation has asked Mr. Asadorian to take over the duties. Mr. King explained that Mr. Dorsey was originally asked to fill the slot but he felt a conflict with his position at his law firm.

Upon motion duly made by Mr. Rugh and seconded by Mr. McKay, the Board:

VOTED: That Guy Asadorian, Jr. be added as an authorized signatory to all corporate banking accounts and that the Managing Director and Finance Director, each of them acting singularly the "Authorized Officers" is hereby authorized to enter into, execute and deliver in the name of the Corporation, the appropriate banking resolutions and documents confirming Mr. Asadorian's authority to act as a signatory on all corporate banking accounts of the Corporation.

Voting in favor were: Shannon Brawley, Carol Hueston, Gregory Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Abstaining: Guy Asadorian, Jr.

Unanimously Approved.

8. APPOINTMENT OF MEMBERS TO THE GOVERNANCE AND AUDIT AND FINANCE SUBCOMMITTEES:

Upon motion duly made by Mr. Rugh and seconded by Mr. McKay, the Board:

WHEREAS, the members of the Audit and Finance Committee and Governance Committee are appointed by the Chairperson with the advice of the Board of Directors; and

WHEREAS, the Chairperson has appointed Scot A. Jones and Guillaume de Ramel to the Audit and Finance Committee and Martha Holt Castle, Carol H. Hueston, James Rugh and Shannon E. Brawley to the Governance Committee.

VOTED: The Board hereby approves the appointment by the Chairperson of the individuals mentioned above to the Audit and Finance Committee and to the Governance Committee.

Voting in favor were: Guy Asadorian, Jr., Shannon Brawley, John A. Dorsey, Carol Hueston, Gregory Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

9. APPROVAL OF CONTRACT WITH BEIRNE WEALTH CONSULTING, LLC TO ACT AS FINANCIAL ADVISOR AND FIDUCIARY IN CONNECTION WITH THE CORPORATION'S DEFINED CONTRIBUTION PLANS:

Mr. King explained that a RFP for Investment Consulting services for the Corporation's 401a and 457 plans was recently conducted. The Committee consisting of 3 employees, the finance director, and one board member has recommended Beirne Wealth Consulting, LLC. Mr. King explained that the responsibility for the retirement plans was transferred to the Corporation from Commerce Corp (formerly RI Economic Development Corporation) and the investment firm Voya Financial is the current consultant.

The Committee reviewed four firms: Beirne Wealth Financial Consulting, LLC, Independence Financial Partners, Northwestern Mutual Wealth Management, and Voya Financial. Scoring was based on organization experience, credentials/reputation, cost, approach, education, and existing relationship.

The Board discussed Beirne's fees using basis points and Mr. King noted the Corporation may pay a flat fee to reduce costs to the employees participating in the plan.

Upon motion duly made by Ms. Hueston and seconded by Mr. McKay, the Board:

VOTED: The Corporation acting by and through its Chair, Vice-chair, Managing Director or Finance Director, each of them acting alone (the “Authorized Officers”) is hereby authorized to enter into, execute and deliver a contract and other agreements related thereto as appropriate, with Beirne Wealth Consulting, LLC to act as financial advisor and fiduciary in connection with the Corporation’s Defined Contribution Plans and the contract and related documents are referred to herein collectively as the (“Agreements”).

VOTED: That each of the Authorized Officers, acting singularly and alone, be and each of them hereby is authorized, empowered and directed to effectuate the intent of the foregoing resolutions by executing, delivering and performing any and all modifications, renewals, confirmations and variations of the Agreements or as any of the Authorized Officers acting singularly and alone shall deem necessary, desirable and without further specific action by this Board, and empowered and directed to prepare or cause to be prepared and to execute, perform and deliver in the name and on behalf of the Corporation the Agreements and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreements, including any and all agreements, contracts and memorandums upon such terms and conditions and with such changes, additions, deletions, supplements and amendments thereto as the Authorized Officer executing or authorizing the use of the same and shall determine to be necessary, desirable and appropriate and in the best interest of the Corporation.

VOTED: That in connection with any and/or all of the above resolutions, the taking of any action, the executed and delivery of any instrument, document or agreement by any of the Authorized Officers in connection with the implementation of any or all of the foregoing resolutions shall be conclusive of such Authorized Officer’s determination that the same was necessary, desirable and appropriate and in the best interest of the Corporation.

Voting in favor were: Guy Asadorian, Jr., Shannon Brawley, John A. Dorsey, Carol Hueston, Gregory Mancini, Kerry P. McKay and James Rugh.

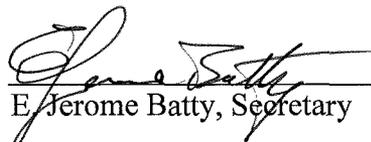
Voting Against were: None.

Unanimously Approved.

10. **ADJOURNMENT:**

Upon motion duly made by Mr. Asadorian and seconded by Ms. Hueston, the meeting adjourned at 6:13 p.m.

Respectfully submitted:

By: 
E. Jerome Batty, Secretary

54515989 v1