

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

OCTOBER 18, 2016

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, October 18, 2016, 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 By-Laws 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 E. Brawley, Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay and Stefan Pryor. Absent were: Guillaume de Ramel and James Rugh. Also present were: Steven J. King, P.E., Managing Director; John R. Pariseault, Secretary and Corporation's staff and members of the public.

1. **CALL TO ORDER:**

The meeting was called to order at 5:01 p.m. by Chairman Pryor.

2. **APPROVAL OF MINUTES:**

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

VOTED: To approve the Public Session Minutes of the September 20, 2016 meeting as presented.

Voting in favor were: Guy Asadorian, Jr., Shannon E. Brawley, Susan Leach DeBlasio, Carol H. Hueston, John Justo, and Kerry P. McKay.

Voting Against were: None.

Unanimously Approved.

Mr. Pryor congratulated Mr. King on his recent RI Public Expenditure Council "Outstanding Public Servant" award.

3. **STAFF REPORTS:**

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

4. **COMMITTEE REPORTS:**

The Audit- Finance Committee met on October 17, 2016. The Committee will give their report during the FY2018 Operating Budget discussion.

Mr. Jones and Mr. Mancini joined the meeting at 5:07 p.m.

5. **APPROVALS:**

A. **Appointment of Officers of the Quonset Development Corporation in accordance with the By-Laws of the Corporation:**

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

VOTED: That the following persons are hereby elected to the offices set forth opposite their names, to hold such offices until the time fixed in accordance with the By-Laws of the Corporation for the next annual meeting of the Board of Directors of the Corporation and thereafter until their successors shall have been duly elected and qualified:

<u>Name</u>	<u>Office</u>
Steven J. King	Managing Director
Guy Asadorian, Jr.	Vice-Chairperson
John R. Pariseault	Secretary
Kevin M. Barry	Finance Director

Voting in favor were: Guy Asadorian, Jr., Shannon E. Brawley, Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini and Kerry P. McKay.

Voting Against were: None.

Unanimously Approved.

B. **Acceptance of the 2017 Meeting Schedule:**

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

VOTED: To adopt the meeting dates for 2017 Meeting Schedule as attached as Exhibit A.

Voting in favor were: Guy Asadorian, Jr., Shannon E. Brawley, Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini and Kerry P. McKay.

Voting Against were: None.

Unanimously approved.

C. Approval of the FY2018 Operating Budget:

Mr. Asadorian stated that the Audit- Finance Committee met and went over in detail the FY2018 budget and its assumptions. Mr. Asadorian affirmed the Audit- Finance Committee recommends to the full Board the approval of the FY2018 budget as presented.

Mr. Barry reviewed revenues in the FY2018 budget, noting that rental income decreased slightly due to the changes to the New Boston Quonset, LLC Lowe's lease agreement (item for approval tonight). Mr. Barry pointed out the Corporation takes a conservative approach to rental income and never includes anticipated income from future leases unless the lease agreement is already in place. Mr. Barry noted other revenue from the Pier, Water and Wastewater Sales, Airport Allocation and the Municipal Services Agreement with the Town of North Kingstown are expected to increase in FY2018.

Mr. Barry noted that FY2018 budgeted expenses were typically increased by 2.5% from the FY2017 budget. However, the biggest change in expenses is in the personnel expense related to the defined benefit. As previously discussed in the prior month's review of the audited financial statements, the Corporations' fringe benefits expense related to the defined benefit plan experienced a huge increase due to changes in the mortality rates table used to calculate risk. Other standouts, pointed out Mr. Barry, were changes in Commissions, Pier Security, and Snow Removal. Increases in Commissions can be correlated to projects in the Park, Pier Security should be a wash but due to brisk activity at the Port of Davisville the Corporation made a profit, and Snow Removal cost in FY2016 were extremely low to a mild winter; weather related costs for FY2018 is unknown but the Corporation must prepare with preorders for sand and salt as well as a pier snow removal contract.

The Board discussed emergency cash and the possibility of securing a line of credit in the future. Mr. King advised any potential line of credit would require legislative approval.

Ms. DeBlasio asked about the increase in the "Advertising/Marketing" expense. Mr. King noted the Corporation is in talks with a consultant to handle Port of Davisville public relations since the Port Director recently resigned to take the newly formed the Port Director position with the Connecticut Port Authority. The cost of the consultant would be split between the Corporation and Norad, Inc.

Finally, the Board discussed the FY2018 Capital Projects noting funding for Pier 2 is still dependent on the general election outcome of the ballot initiative to be decided on November 8, 2016.

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

VOTED: To accept the FY2018 Operating Budget as presented to the Board.

Voting in favor were: Guy Asadorian, Jr., Shannon E. Brawley, Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini and Kerry P. McKay.

Voting Against were: None.

Unanimously Approved.

D. Approval of the Ground Lease Termination between New Boston Quonset, LLC and Quonset Development Corporation for Parcel 5b (Lowe's) and associated documents:

The purpose of this transaction is to terminate the lease agreement between New Boston Quonset, LLC and the Corporation for Parcel 5b, the vacant Lowe's property and then New Boston Quonset, LLC would terminate its sublease with Lowes. Lowe's will pay \$8.3 million to terminate the lease agreement; New Boston Quonset, LLC would receive \$4.275 million, the Corporation would receive \$3,796,750 and CBRE would receive a commission of \$228,250. The agreement states the \$8.3 million payout will be reduced by ½ the monthly rent for each month paid by Lowes after October 31, 2016 while the agreements are being finalized.

In addition to the payment, the Corporation will take ownership of the building and control of parcel 5b. The transaction will include granting to New Boston or a subsequent tenant under the Parcel 1 Ground Lease: (i) protection for existing and future exclusives and use restrictions granted to retail subtenants on Parcel 1, (ii) right of first refusals to lease and purchase Parcels 5b, 5a and adjacent vacant lot, (iii) agreement to coordinate retail leasing efforts for Parcels 5b, 5a and adjacent vacant lot, (iv) option to lease Lots 1-5, (v) amendments to Parcel 1 Ground Lease, and amendments and/or creation of easement agreements and declarations affecting Parcel 1 and Parcel 5 with respect to drainage and other rights.

Mr. King explained this arrangement has taken two years to come to fruition and the Corporation is coming out of the agreement ahead when factoring in the rents received thus far plus the termination payment and receipt of a building for use by a future tenant. One million dollars from the payout will be reserved for tenant improvements and retro fitting the building.

Upon motion duly made by Mr. McKay and seconded by Ms. Hueston, 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 Lease Termination Agreement, Memorandum of Lease Termination Agreement, Second Amendment of Ground Lease, Option to Lease Agreement, Right of First Refusal, Declaration of Restrictive Covenant, First Amendment to Declaration and Easement Agreement, Terminations of Existing Easements and Grant of Additional Easements/Rights and an Escrow Agreement, all with New Boston Quonset LLC, or its affiliates or

designees and such other appropriate parties in accordance with the Request for Board Authorization presented to the Board (the foregoing documents and any other documents related to the transactions described therein or in the Request for Board Authorization and deemed necessary or appropriate by an Authorized Officer 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, certificates, licenses, assignments, 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 or 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 E. Brawley, Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini and Kerry P. McKay.

Voting Against were: None.

Unanimously Approved.

6. **ADJOURNMENT:**

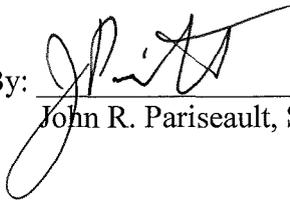
Upon motion duly made by Mr. Jones and seconded by Ms. Hueston, the meeting adjourned at 5:49 p.m.

Voting in favor were: Guy Asadorian, Jr., Shannon E. Brawley, Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini and Kerry P. McKay.

Voting Against were: None.

Unanimously Approved.

Respectfully submitted:

By: 

John R. Pariseault, Secretary