

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

JULY 18, 2017

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, July 18, 2017, 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: Susan Leach DeBlasio, Scot A. Jones, John Justo, Stefan Pryor, Gregory A. Mancini, Kerry P. McKay, Job Toll and Ellen Waxman. Absent were: Guy Asadorian, Jr. and Guillaume de Ramel. Also present were: Steven J. King, P.E., Managing Director; Ryan M. Gainor, Acting Secretary and Corporation's staff and members of the public.

1. **CALL TO ORDER:**

The meeting was called to order at 5:03 p.m. by Chairman Pryor.

2. **APPROVAL OF MINUTES:**

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

VOTED: To approve the Public Session and Executive Session Minutes of the June 20, 2017 meeting as presented.

Voting in favor were: Susan Leach DeBlasio, Scot A. Jones, John Justo, Kerry P. McKay, Job Toll and Ellen Waxman.

Voting Against were: None.

Unanimously Approved.

Mr. Mancini joined the meeting at 5:05 p.m.

3. **STAFF REPORTS:**

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

4. COMMITTEE REPORTS:

The Executive Compensation Committee held meetings on June 13, 2017 and June 20, 2017. The Committee will provide a report in Executive Session.

5. APPROVALS:

A. Approval of Industrial Flex Space Project:

Mr. King reviewed the project which was presented in detail to the Board during Executive Session on June 20, 2017. The project involves an Agreement to build up to six (6) flex industrial buildings on site readiness parcels 5, 6, 7, 8, 11 and 14 totaling 23.13 acres. The Agreement is for seven (7) years, and may be extended another seven (7) years. The Developer will be obligated to construct the first building consisting of three (3) separate units totaling 25,000 square feet in all. The Developer will be Flex Technologies Park, LLC whose partners are long time Quonset Business Park tenants and developers: Douglas Riggs, William Riggs, III and Susan Riggs-Collier. Flex Technologies Park, LLC will lease each parcel separately and is under no obligation beyond the first building. The land rent shall begin at \$1.10 per square foot of gross building coverage and will increase by 10% every five (5) years. The term of the Ground Lease is twenty-five (25) years and therefore, the lease will be subject to a term lease deduction of 16%.

The Developer agrees to build the first building at a cost of one hundred forty dollars (\$140.00) per square foot and the Developer will provide seven hundred thousand dollars (\$700,000) in equity. The Corporation agrees to pay up to one hundred fifty thousand dollars (\$150,000) toward site preparation and will not market or otherwise encumber the development parcels during the term. Upon completion of the building, the Corporation will master sublease the completed building from the Developer for a twenty-five (25) year term. The building rent will begin at nine dollars and forty cents (\$9.40) per square foot; rent will increase to nine dollars and ninety-seven cents (\$9.97) in year eleven (11) and increase to ten dollars and thirty-three cents (\$10.33) in year twenty-one (21). Land rent will be waived during the Corporation's Master Sublease from the Developer.

The Developer will have the option to terminate the Corporation's Master Sublease and extend the ground lease for up to ninety-nine (99) years at any time. The option fee will accrue and is cumulative during the term. The option fee will be thirty-two thousand five hundred dollars (\$32,500.00) per year for the first ten (10) years and increase to fifty thousand five hundred dollars (\$50,500.00) per year in years eleven (11) through twenty (20) and lastly increase to seventy-five thousand (\$75,000.00) per year in years twenty-one (21) through twenty-five (25). The Corporation will own the building and all improvements at the end of the initial twenty-five (25) year term of the Ground Lease should the Developer not extend the Ground Lease.

Mr. King took a moment to provide feedback to questions the Board members had posed during Executive Session the month prior when the project was first presented. Mr. King clarified for the Board that the transactions presented did not fall under the public

procurement requirements outlined in RIGL § 37-2 and reviewed Hinckley Allen’s opinion citing RIGL § 42-64-11(a) which states, “Notwithstanding the provisions of any other law, the Rhode Island Commerce Corporation may sell or lease to any person, firm, partnership, or corporation, or to any local redevelopment agency, or to any state or federal agency or instrumentality, or to any municipality or political subdivision of the state empowered to enter into the sale or lease, any project without public bidding or public sale, for consideration and upon terms as may be agreed upon between the Corporation and the purchaser or lessee; provided that in the case of a lease, the term shall not exceed ninety-nine (99) years. The sale or lease or agreement may be consummated as entered into prior to, at the date of, or subsequent to the acquisition of completion of the project. Where a contract of sale or lease is entered into prior to the completion of construction of the project to be conveyed or leased, the Corporation may complete the project prior or subsequent to the consummation of the sale or lease”.

Mr. King also stated the Corporation would not be required to follow “prevailing wage” determinations for this project because the Corporation will not be acting as a contractor for this project nor will the project be considered a public building or a public works.

Finally, Mr. King stated the Corporation will be adding a requirement to the Development Agreement that all contractors and subcontractors abide by all federal, state and local laws in the process of carrying out work on this project. All valid licenses and registration will be required and contractors must follow all labor, wage and employment laws. Contractors will have a reporting requirement detailing adherence to this policy.

Upon motion duly made by Mr. Jones 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 Development Agreement, Land Lease with Option, Master Sublease, Authorization to Sublease and subsequent Sub-Subleases with respect to the development of six flex industrial buildings on site readiness parcels 5, 6, 7, 8, 11, 14 totaling up to 23.13 acres at the Commerce Park District in accordance with the Request for Board Authorization presented to the Board (the Development Agreement, Land Lease with Option, Master Sublease, Authorization to Sub Lease and Sub-Subleases and all other documents necessary or appropriate to effectuate the transaction described in the Request for Board Authorization 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, 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 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: Susan Leach DeBlasio, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay, Job Toll and Ellen Waxman.

Voting Against were: None.

Unanimously Approved.

6. **MOTION TO ADJOURN TO EXECUTIVE SESSION:**

Upon motion duly made by Mr. Mancini and seconded by Mr. Toll, the Board:

VOTED: To adjourn to Executive Session pursuant to: subsection (1) discussions of the job performance, character, or physical or mental health of a person or persons provided that such person or persons affected shall have been notified in advance in writing and advised that they may require that the discussion be held at an open meeting and subsection (2) sessions related to litigation, of Rhode Island General Laws, Section 42-46-5(a), the Open Meeting Law.

Voting in favor were: Susan Leach DeBlasio, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay, Job Toll and Ellen Waxman.

Voting Against were: None.

Unanimously Approved.

The meeting adjourned to Executive Session at 5:51 p.m. The meeting reconvened in Public Session at 7:02 p.m.

5. **VOTE TO MAINTAIN MINUTES OF EXECUTIVE SESSION CLOSED:**

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

VOTED: Pursuant to Section 42-46-4 and 42-46-5 of the General Laws, the minutes of the Executive Session shall not be made available to the public at the next regularly scheduled meeting of the Corporation because such disclosure may adversely impact ongoing negotiations or adversely affect the public interest.

Voting in favor were: Susan Leach DeBlasio, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay, Job Toll and Ellen Waxman.

Voting Against were: None.

Unanimously Approved.

7. **VOTE TO APPROVE COMPENSATION FOR THE MANAGING DIRECTOR:**

The Executive Compensation Committee reviewed with the Board of Directors the job performance review conducted by the Committee for the Managing Director, Steven King and the materials and resources utilized by the Committee to complete its recommendations, including, the Performance Evaluation Matrix and Evaluation Form, Chief Executive Compensation Research and Recommendations Report dated July 2015 and Executive Compensation Assessor.

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

VOTED: To approve the "Performance Evaluation Matrix" and the scoring form known as Exhibit A for analyzing and reviewing the performance of the managing director for the purpose of executive compensation determinations. The objectives to be updated annually and submitted to the Executive Compensation Committee as outlined in the matrix timeline for review and approval. The Board will have the ability to review the matrix and amend the document at a later date as necessary.

Voting in favor were: Susan Leach DeBlasio, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay, Job Toll and Ellen Waxman.

Voting Against were: None.

Unanimously Approved.

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

VOTED: To approve a one and one-half percent (1.5%) increase in base salary for the Managing Director equivalent to increases given to all employees of the Corporation.

Voting in favor were: Susan Leach DeBlasio, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay, Job Toll and Ellen Waxman.

Voting Against were: None.

Unanimously Approved.

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

VOTED: To approve an annual performance bonus of 16% based on FY17 salary for the Managing Director recognizing 85% of the objectives set forth in the previous year were achieved.

Voting in favor were: Susan Leach DeBlasio, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay, Job Toll and Ellen Waxman.

Voting Against were: None.

Unanimously Approved.

8. **ADJOURNMENT:**

Upon motion duly made by Mr. McKay and seconded by Ms. DeBlasio, the meeting adjourned at 7:02 p.m.

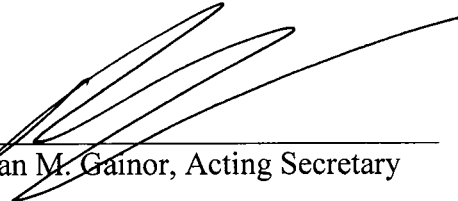
Voting in favor were: Susan Leach DeBlasio, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay, Job Toll and Ellen Waxman.

Voting Against were: None.

Unanimously Approved.

Respectfully submitted:

By:


Ryan M. Gainor, Acting Secretary