

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

APRIL 17, 2018

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, April 17, 2018, 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., Susan Leach DeBlasio, Scot A. Jones, John Justo, Stefan Pryor, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch. Absent was: Gregory A. Mancini. Also present were: Steven J. King, P.E., Managing Director; Thomas W. Madonna, Jr., Acting Secretary and Corporation's staff and members of the public.

1. **CALL TO ORDER:**

The meeting was called to order at 5:06 p.m. by Chairman Stefan Pryor.

2. **APPROVAL OF MINUTES:**

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

VOTED: To approve the Public and Executive Session Minutes of the February 20, 2018 meeting as presented.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Scot A. Jones, John Justo, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

3. **STAFF REPORTS:**

Mr. King reviewed the staff report with the Board of Directors. Mr. King noted there was an error on New Harbor Group's report and clarified that the Finlay USA's ribbon cutting was attended by Governor Gina M. Raimondo, Stefan Pryor and North Kingstown Town Council President Richard A. Welch; not Robert Welch as indicated.

The Board discussed the status of the Volkswagen vehicles currently being housed at Quonset Business Park through short-term lease agreements. Mr. King said the process is on-going with most of the remaining vehicles resold slowly as to not flood the market.

Mr. McKay asked if an agreement had been reached with National Grid to move the easement on Roger Williams Way. Mr. King said that the negotiations are ongoing but that National Grid will relocate the easements at a high cost which will be paid by the tenant requesting the move.

4. **COMMITTEE REPORTS:**

No committee meetings were held.

5. **APPROVALS:**

A. Approval of Lease Agreement and Sublease Agreement for 112 Dillabur Avenue:

Mr. King reviewed the proposed lease and sublease agreements for the property at 112 Dillabur Avenue with the Board. Mr. King explained the property, owned by M.S.M. Realty Co., LLC (“MSM”), is wedged between two other properties currently leased by Electric Boat (“EB”). In order for EB to execute their plan to expand their facilities at Quonset, they need to acquire the land at 112 Dillabur Avenue which also includes a 250,000 square foot building from the Navy era. Therefore, MSM has entered into an agreement with Dillabur, Inc. to purchase the property for \$6.5 million dollars from M.S.M, Realty Co., LLC. The Corporation will subsequently lease the property from Dillabur, Inc. commencing with an initial payment of \$500,000.00 and then \$927,095.00 per year for a total of 8 years; at which time the Corporation will have an option to purchase the land for \$300,000.00. Concurrently, the Corporation will sub-lease the land to EB for the remaining 21 years of their current 25-year lease. EB’s lease payments will include repayment of the loan until 12/31/2025 and then drop down to be consistent with their current lease schedule for vacant land as the building on the property will be demolished within 3 to 4 years. Lease payments will be subject to a 10.5% increase every five (5) years until the end of their current lease term in 2038. The Corporation will have a net positive value of \$7.5 million dollars by 2038 from the transaction including the asset of the 6 acres of land plus any buildings and improvements should EB not continue their lease.

Mr. Ramel asked about the risk to the Corporation. Mr. King stated that Dillabur, Inc. will carry the financing obligations, including the note, for 5 years and has agreed to allow the Corporation to pay rent directly to the lender eliminating any risk of payment default by Dillabur, Inc. Mr. King noted the financing is contingent on EB signing the sub-lease with the Corporation.

The Board discussed the tax implications for the Town, noting the property is privately owned and will continue to be privately owned so the Town will tax the owner directly. Mr. King stated he expects discussions to begin between the Town, the Corporation, and EB regarding a global PILOT agreement in the future.

Upon motion duly made by Mr. Ramel and seconded by Mr. Jones, 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 Lease Agreement with respect to property located at 112 Dillabur Avenue with Dillabur, Inc., and other agreements related thereto, including a Sublease Agreement or other Agreement with Electric Boat, as appropriate, such Lease Agreement and Sublease Agreement to be substantially in accordance with the Request for Board Authorization presented to the Board (the Lease Agreement and Sublease Agreement 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: Guy Asadorian, Jr., Susan Leach DeBlasio, Scot A. Jones, John Justo, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

B. Authorization of the Pier 2 Project:

Mr. King stated the purpose of this vote was to get the Board's approval to receive and accept funds from the \$50 million dollar GO Bond (approved by RI voters in November 2016) and from the RI Capital Plan. This vote will also authorize the Corporation's executive staff to spend those funds as necessary to make the improvements to pier 2, as discussed at length with the Board previously.

Upon motion duly made by Ms. DeBlasio and seconded by Mr. Justo, 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 accept funds from the State of Rhode Island relating to the costs associated with the Pier 2 improvements project (the "Funds").

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 all agreements and documents with the State of Rhode Island, or other interested parties, related to the acceptance of the Funds, and any construction contracts and other agreements related to the completion of such Pier 2 improvements project (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: Guy Asadorian, Jr., Susan Leach DeBlasio, Scot A. Jones, John Justo, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

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

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

VOTED: To adjourn to Executive Session pursuant to: citing of business in Rhode Island, (2) sessions related to litigation and subsection (6) location of prospective businesses in Rhode Island and subsection (7) (A matter related to the question of the investment of public funds where the premature disclosure would adversely affect the public interest) of Rhode Island General Laws, Section 42-46-5(a), the Open Meeting Law.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Scot A. Jones, John Justo, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

The meeting adjourned to Executive Session at 5:45 p.m. The meeting reconvened in Public Session at 6:20 p.m.

7. **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: Guy Asadorian, Jr., Susan Leach DeBlasio, Scot A. Jones, John Justo, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

8. **ADJOURNMENT:**


Upon motion duly made by Mr. Asadorian and seconded by Mr. Ramel, the meeting adjourned at 6:21 p.m.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Scot A. Jones, John Justo, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

Respectfully submitted:

By: 

Thomas W. Madonna, Jr., Acting Secretary