

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

JULY 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, July 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, Gregory A. Mancini, Stefan Pryor, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch. Absent was: John Justo. Also present were: Steven J. King, P.E., Managing Director; Thomas W. Madonna, Jr., Assistant Secretary and Corporation's staff and members of the public.

1. **CALL TO ORDER:**

The meeting was called to order at 5:02 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 June 17, 2018 meeting as presented.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Scot A. Jones, Gregory A. Mancini, Guillaume de Ramel, Job Toll and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

Kerry P. McKay joined the meeting at 5:09 p.m.

3. **STAFF REPORTS:**

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

4. **COMMITTEE REPORTS:**

The Audit-Finance Compensation Subcommittee held meetings on June 28, 2018 and July 11, 2018 to discuss the compensation of the Managing Director. A report will be provided in Executive Session.

5. **APPROVALS:**

A. **Approval of an Assignment and Assumption of the New Boston Quonset LLC Ground Lease (Quonset Gateway):**

Mr. King introduced Mr. Kelly Coates of the Carpionato Group. Mr. King explained that New Boston Quonset LLC (“New Boston”) has negotiated terms for an assignment of their development lease to the Carpionato Group. Mr. King reviewed New Boston’s 99-year lease with the Board stating it was executed in 2008 for the development of the Quonset Retail Plaza. Quonset Development Corporation’s development agreement with New Boston did have a provision for assignment and states (1) the Corporation shall not unreasonable withhold its consent to an assignment of the lease; (2) the Tenant shall not at the time of such assignment be in default under any of the terms; (3) the assignee shall have a net worth equal to or greater than \$15,000,000.00; (4) the assignee shall agree in writing to perform all of the unperformed terms, covenants and conditions of the lease; (5) the Tenant and any guarantor of this lease shall agree in writing to at all times remain primarily obligated for the performance of the terms, covenants and conditions of the lease until transfer date; and (6) the assignee shall have demonstrated experience in the operation of the commercial real estate properties similar to the operation by the tenant in the project.

Mr. King explained the Carpionato Group has created a new limited liability company, CGRI Quonset LLC (“CGRI”) for this assignment. Crown Holdings II LLC (“Crown”) will provide the guarantee to QDC to make all associated payments under the lease because CGRI is a brand-new entity and does not meet net worth limits set in the assignment. Mr. Kevin Barry, the Corporation’s finance director, has thoroughly reviewed Crown’s financials and affirms Crown is in good standing and meets the requirements. The Corporation has also performed due diligence and found no litigation matters related to Crown.

Mr. Coates gave a presentation about the Carpionato Group stating the company has been in business for over 50 years and has a portfolio of over six (6) million square feet of real estate assets and \$1 billion in total assets. Mr. Coates reviewed some of their many property adventures including Chapel View, Crown Plaza Hotel, and Chapel Grille restaurant.

Upon motion duly made by Mr. Ramel and seconded by Mr. Welch, 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 consent to, and in connection therewith enter into, execute and deliver an acknowledgment of an Assignment and

Assumption of Ground Lease (and related instruments as deemed appropriate by the Authorized Officers) between New Boston Quonset LLC, as assignor, and CGRI Quonset LLC, as assignee, relating to the Quonset Gateway parcel(s) and related property (the Assignment and Assumption of Ground Lease document, and the Corporation's acknowledgment thereof, and such 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, Gregory A. Mancini, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

B. Approval of Ground Lease with Commodity Haulers Express, LLC:

Mr. King advised the Board the vote with Commodity Haulers Express has been tabled for this month.

C. Approval of a Ground Lease with Infinity Meat Solutions, LLC:

Mr. King presented the proposed lease agreement with Infinity Meat Solutions, LLC, reminding the Board of discussions regarding this matter in previous Executive Sessions. Mr. King stated Infinity Meat Solutions, LLC is a special purpose entity guaranteed by Retail Business Services; a company held by Ahold Delhaize.

The agreement is for a 50-year lease to build a \$100 million-dollar, 200,000 square foot meat packaging plant on 34 acres in West Davisville. Mr. King noted the plant will provide 700 jobs and has the possibility of expanding another 120,000 square foot. Mr. King reviewed the rent schedule as outlined on the Request for Board Authorization noting the rent will commence after the construction period and after the certificate of occupancy is received. Infinity Meat Solutions, LLC will be eligible for both rent and wage discounts. The payment structure is very similar to approved agreements with Edesia and Greencore and rent will be phased in at 60% and increase to 100% in the first nine (9) years.

Mr. Pryor outlined the other incentives provided by Commerce RI including up to \$9.5 million in wages incentives dependent on job growth, almost \$2 million from Rebuild RI in tax credits and sales tax exemptions for building materials.

The Board discussed the need for an onsite treatment plant for pretreatment of waste and the disposal of scraps. Mr. King noted Infinity Meats Solutions, LLC will be required to follow all local, state and federal laws.

The Board also discussed taxes generated for the Town of North Kingstown based on the proposed rent and incentives under the agreement. Mr. King stated the taxes will be based on the discounted rents but the Town of North Kingstown will also assess and tax the \$100 million-dollar facility in addition to the PILOT on the ground rent. Mr. King stated there has been some discussion of a tax agreement between the Town of North Kingstown and Infinity Meats Solutions, LLC in place of the PILOT agreement.

Upon motion duly made by Mr. McKay and seconded by Mr. Ramel, 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 (and related instruments as deemed appropriate by the Authorized Officers) with Infinity Meat Solutions, LLC (to be guaranteed by Retail Business Services, Inc., a Ahold Delhaize company), relating to approximately 34.0 acre parcel of land located in West Davisville, being a portion of the lot currently designated as North Kingstown Tax Assessor Plat 181, Lot 15, the terms of such Lease Agreement to be substantially in accordance with the Request for Board Authorization presented to the Board (the Lease Agreement and such 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, Gregory A. Mancini, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

D. Approval of Quonset Business Park Development Regulations:

Mr. King reminded the Board that the Corporation is in the process of making revisions to the Development Regulations under the Administrative Procedures Act Reform of 2018. The Board was updated on the proposed changes to the document at the May 15, 2018 meeting. The document has been reviewed by the Town of North Kingstown (Planning Director, Planning Commission, and Town Engineer), RI Division of Statewide Planning, RI Department of Environmental Management and RI Airport Corporation. Upon approval by the Board, the Regulations will be reviewed by the Office of Regulatory Reform and Secretary of State for public review under the APA.

Ms. DeBlasio requested that legal counsel review prior to the actual filing of the document with the Secretary of State. The vote was amended to include this review.

Upon motion duly made by Ms. DeBlasio 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/or deliver updated and revised Quonset Business Park Development Regulations, the terms of such updated and revised Quonset Business Park Development Regulations to be substantially in accordance with the memorandum provided by the Managing Director relating to the same, and subject to legal review by legal counsel (the updated and revised Quonset Business Park Development Regulations and such 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, Gregory A. Mancini, 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:**

Mr. King was notified in advance in writing of the Committee's intent to discuss his job performance.

Upon motion duly made by Mr. Ramel and seconded by Mr. McKay, 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: Guy Asadorian, Jr., Susan Leach DeBlasio, Scot A. Jones, Gregory A. Mancini, 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 5:46 p.m. The meeting reconvened in Public Session at 6:26 p.m.

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

Upon motion duly made by Mr. Mancini and seconded by Ms. DeBlasio, 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, Gregory A. Mancini, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

8. **APPROVALS BASED ON EXECUTIVE SESSION DISCUSSION:**

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

VOTED: To approve of the following compensation for the Quonset Development Corporation's Managing Director; 1) FY2018 incentive pay of 18% of FY2018 salary; 2) increase of FY2019 salary by 5% of FY2018 salary; and 3) revision of Executive Performance Compensation Matrix as outlined in Exhibit A.

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

Voting Against were: None.

Unanimously Approved.

9. **ADJOURNMENT:**

Upon motion duly made by Mr. McKay and seconded by Mr. Asadorian, the meeting adjourned at 6:30 p.m.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Scot A. Jones, Gregory A. Mancini, 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., Assistant Secretary

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JULY 17, 2018

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The following members constituting a quorum were present and participated throughout the meeting as indicated: Guy Asadorian, Jr., Susan Leach DeBlasio, Scot A. Jones, Gregory A. Mancini, Stefan Pryor, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch. Absent was: John Justo. Also present were: Steven J. King, P.E., Managing Director; Kevin M. Barry, Finance Director; and Thomas W. Madonna, Jr., Assistant Secretary.

1. CALL TO ORDER:

The Executive Session was called to order at 5:46 p.m. by Chairman Pryor.

Prior to adjournment to Executive Session, 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: Guy Asadorian, Jr., Susan Leach DeBlasio, Scot A. Jones, Gregory A. Mancini, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

2. Discussion:

A. Discussion of Managing Director's Compensation and Performance Incentive:

Mr. Asadorian, Audit-Finance Committee Chairman, stated the Compensation Subcommittee met in June and July to discuss the managing director's FY2018 incentive bonus and FY2019 salary and make a recommendation to the Board. Mr. Asadorian stated the Compensation Subcommittee utilizes a "Performance Compensation Matrix" to determine the incentive bonus based on if the managing director meets the goals and objectives that were established at the beginning of the fiscal year. Mr. King scored a 97.5% on the evaluation which according to the matrix translates into a 20% incentive bonus for FY2018. Mr. Asadorian also noted the Compensation Subcommittee met with Daria Kreher, HR Consultant, who

provided salary data comparing Mr. King's total compensation to his peers. Ms. Kreher used data from 10 other quasi-state agencies and data from the Economic Research Institute for SIC Code 91; "Administrators of Urban Planning and Community and Rural Development" for the salary comparison. The data gathered shows that Mr. King falls well below the 70 percentiles in this data set. The Compensation Subcommittee suggested bringing Mr. King's total compensation closer to the 75 percentiles by increasing Mr. King's base salary by 5%. The Compensation Subcommittee also suggested adding another category to the "Performance Compensation Matrix" which would give the Subcommittee the ability to add discretionary amount up to 4% for innovation, initiative and meritorious service. Mr. Asadorian stated after comprehensive discussion, the Compensation Subcommittee recommends amending the current scoring matrix reducing the existing scoring by 4% and adding a category for the discretionary 4% incentive and capping the bonus to 18% (Exhibit A).

The Board discussed the intricacies of comparing quasi-state agency heads in Rhode Island because of the vast difference between budgets and scope of work; noting the need to weigh how to compensate a high performing individual with having a defensible salary structure for current and future directors.

The Board agreed they had a consensus regarding Mr. King's incentive, bonus, and matrix modification and will conduct the vote in Public Session.

There being no further business to come before the Board, upon motion duly made by Mr. Asadorian and seconded by Mr. McKay, the Executive Session was adjourned at 6:26 p.m.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Scot A. Jones, Gregory A. Mancini, 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., Assistant Secretary