

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

SEPTEMBER 18, 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, September 18, 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., Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch. Absent was: Susan Leach DeBlasio and Stefan Pryor. Also present were: Steven J. King, P.E., Managing Director; Kevin M. Barry, Finance 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 5:00 p.m. by Vice Chairman Guy Asadorian, Jr.

2. **APPROVAL OF MINUTES:**

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

VOTED: To approve the Public and Executive Session Minutes of the July 17, 2018 meeting as presented.

Voting in favor were: Guy Asadorian, Jr., Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay, Job Toll and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

Guillaume de Ramel joined the meeting at 5:02 p.m.

3. **STAFF REPORTS:**

Mr. King reviewed the staff report with the Board of Directors. Mr. King stated the Corporation will be holding a ribbon cutting ceremony for Infinity Meats on October 12,

2018 at 10:00 a.m. Mr. King also announced the Port of Davisville has broken another record, receiving thirty-three thousand (33,000) units in August of 2018.

4. **COMMITTEE REPORTS:**

The Audit-Finance Compensation Subcommittee held a meeting on September 17, 2018. A report will be provided during the review of the Audited Financial Statements.

5. **APPROVALS:**

A. **Acceptance of the FY2018 Audited Financial Statements:**

Mr. Kevin M. Barry, the Corporation's finance director, reviewed the draft financial statements with the Board (Tab 3 of the Board packet). Mr. Barry pointed out that two major themes will be seen throughout the statements; the Corporation's acquisition of the former Lowe's Building and Electric Boat's ("EB") utility and expansion project.

Mr. Barry noted on the Management's Discussion and Analysis, page 7 of the draft financial statements, under the "Summary of Operations and Changes in Net Position", the Corporation's Operating Revenues jumped from \$13 million to just under \$30 million. Mr. Barry explained that as part of the Lowe's lease termination, the Corporation received \$3.5 million and acquired the building which is valued at \$10 million. The value of the building became operating revenue upon the termination of the lease, however, this is a one-time adjustment. Additionally, the Corporation had an upsurge in short term leases contributing to the overall Operating Revenues.

Mr. Barry next pointed to "Major Operating Expenses" on page 8 of the draft financial statements, noting that expenses did not change dramatically. Personnel expenses were slightly less due to several retiring employees; Interest expense decreased due to paying off debt; electricity costs increased; consultant costs also increased due to several projects including the Infinity Meats project; utility services cost increased slightly due to well cleanings and inspections; and depreciation increased dramatically due to the acquisition of the former Lowe's building and accounting for a years' worth of depreciation.

Mr. Barry continued stating "Total Assets" increased \$26 million primarily from \$6 million in cash from EB for their utility site work/expansion and accounts receivable billing for the project. Also included is the value of the former Lowe's Building accounting roughly \$10 million and the recent acquisition of the building at 112 Dillabur (related to the EB expansion) for \$6.5 million. Total "Current Liabilities" increased to \$9 million, again primarily from the security deposits on hand for all the EB infrastructure projects and the capital lease on the Dillabur property.

Mr. Barry concluded stating that the balance of the statement was very consistent with prior years. Mr. Barry introduced Mr. Brian Crowley from O'Conner & Drew P.C., who conducted the audit to review their findings. Mr. Crowley reviewed, with the Board of

Directors, the required communications (Exhibit A) including the Auditors responsibility under GAAS (Government Auditing Standards). O’Conner & Drew P.C. issued an unmodified opinion on the Corporation’s financial statements and found no material weaknesses or significant deficiencies in internal controls and compliance with laws and regulations. Mr. Crowley stated this is the best possible outcome of the audit and added there were also no management letter comments. Mr. Crowley did note the Pension liability decreased in 2018 to \$120,839 from \$917,526 in 2017 due to using actual determined amounts as opposed to assumptions for mortality tables. Mr. Crowley concluded that no pervasive financial statement fraud risks or other Corporation specific risks were identified.

Mr. Asadorian advised the Board, that the Audit Finance Committee was briefed by Mr. Crowley and Mr. Barry on the financial statements. The Committee looked deeper into the numbers, asked questions, and challenged assumptions. The Committee is satisfied with the results of the audit and recommends, to the Board, acceptance of the FY2018 Financial Statements.

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

VOTED: To accept the FY2018 Audited Financial Statements as presented to the Board, subject to approval by the State Auditor General.

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

Voting Against were: None.

Unanimously Approved.

B. Authorization of Flex Technology Park, LLC Building 2:

Mr. King reminded the Board of the development agreement with Flex Technology Park, LLC that was approved on July 18, 2017 for 6 flex buildings to spur economic activity on some of the smaller parcels in the park. Mr. King stated the first flex building is finished; 2 of the 3 units are rented and the third unit is finalizing terms.

Mr. King stated the Corporation would like approval to begin building the second building, as under the original agreement the next building’s construction is dependent on the success of the prior building. This second building would consist of 4 ten thousand square foot units. As with the first building, the developer will provide equity for the construction loan and QDC will contribute the cost for site improvements. The Developer will lease the land and the Corporation will then Master Sublease the completed building from the developer for 25 years without any restrictions.

Mr. Gerald Lavallee of CB Richard Ellis, gave a brief overview of the market for “flex” space noting that the ability for a company to grow into space is in high demand.

Upon motion duly made by Mr. McKay and seconded by Mr. Mancini, 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 Sub Lease and subsequent Sub-Subleases with respect to the development of the second of six flex industrial buildings on site readiness parcel 12 totaling up to 4.97 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 execution 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., Scot A. Jones, John Justo, 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:**

Upon motion duly made by Mr. McKay and seconded by Mr. Welch, 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., Scot A. Jones, John Justo, 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 5:52 p.m. The meeting reconvened in Public Session at 6:05 p.m.

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

Upon motion duly made by Mr. McKay and seconded by Mr. Jones, 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., Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay, Guillaume de Ramel, Job Toll and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

8. **ADJOURNMENT:**

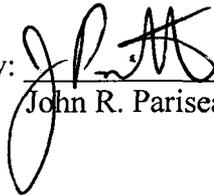
Upon motion duly made by Mr. McKay and seconded by Mr. Welch, the meeting adjourned at 6:06 p.m.

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

Voting Against were: None.

Unanimously Approved.

Respectfully submitted:

By:  _____
John R. Pariseault, Secretary

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