

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

June 18, 2012

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 Monday, June 18, 2012, 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 Bylaws of the Corporation and applicable Rhode Island Law.

The following members constituting a quorum were present and participated throughout the meeting as indicated: Robert H. Breslin, Jr., Elizabeth Dolan, Barbara Jackson, John G. Laramee, Anthony F. Miccolis, Jr., William J. Parsons, John A. Patterson, and James Rugh. Absent were: James Berson, Kas R. DeCarvalho and John G. Simpson. Also present were: Steven J. King, P.E., Managing Director; Kevin M. Barry, Finance Director; E. Jerome Batty, Secretary; and Corporation's staff and members of the public.

1. **CALL TO ORDER:**

The meeting was called to order at 5:07 p.m. by Chairman William J. Parsons. Mr. Parsons introduced himself to the Board of Directors as the Deputy Director of the Rhode Island Economic Development Corporation and acting Executive Director of EDC until the new Executive Director is hired.

2. **APPROVAL OF MINUTES:**

Upon motion duly made by Mr. Rugh and seconded by Mr. Laramee, the Board:

VOTED: To approve the Public Session of the April 16, 2012 meeting, as presented.

Voting in favor were: Elizabeth Dolan, Barbara Jackson, John G. Laramee, Anthony F. Miccolis, Jr., John A. Patterson, and James Rugh.

Voting Against were: None

Unanimously Approved.

3. **STAFF REPORTS:**

Mr. King reviewed the Staff Report with the Board:

TIGER Project

- TIGER projects are progressing nicely and nearing the end.

- Dedication of the new Harbor Crane was held on June 8, 2012. The crane needs to be certified before it can be utilized.
- Pier 2 – paving will complete the project.
- Pier 1- installation of new fender system still to be completed.
- Terminal 4 and 5 – grading, storm-water management, and paving work will continue through the summer.

Construction Project

- Jones Road – final paving and marking scheduled for this month.
- NOAA Building – security and teledata systems have been installed. Final testing to be completed.
- Davisville Road Drainage – project is complete.
- Maintenance Dredging – permit approval pending with Army Corp of Engineers. The project is scheduled to go out for bid June 26, 2012. Financing will be voted on later in this meeting.
- Pavement Management – Chip sealing has been completed on MacNaught Street, John Thomas Street and Conway Avenue.

Development

- Site Readiness expanded to include newly acquired parcel in West Davisville. Several parcels around the Gateway area have also been added.
- Solar – Two land-based solar array proposals are under review and going through National Grid application process. Land deals will be presented to the Board at a later date.

Planning

- QDC and the Town of North Kingstown were presented with a Grow Smart RI award at the Power of Place Summit on May 11th for innovative and collaborative municipal agreements and development regulations.

Operations

- Air Show – Maintenance staff worked diligently to ready the grounds for this past weekend's Air Show. Mr. King noted their hard work in getting ready for the 100,000 expected visitors to the Quonset Business Park. Mr. King also noted Mr. Sprengel worked closely with the Air National Guard to ensure proper parking for the show. The Air Show was a success.

Port Operations

- Port Activity continues to be brisk with 16 ships carrying 15,406 vehicles inbound in May 2012. Mr. King also noted the increased activity at the pier due to the delivery of the crane and traffic related to the America's Cup.

Finance and Administration

- Initial Year End Audit work begins this week.

Mr. Breslin joined the meeting at 5:18 p.m.

Mr. Rugh commented on the Park signage, specifically noting that there are no directional signs to the Quonset Development Corporation's offices.

Mr. King noted that since he started in 1988 the Corporation has done one hundred ten million dollars of construction work in the Park. One of the most complex projects was the park-wide signage. Mr. King explained that it was decided early in the project not to allow individual businesses to have directional signage in order to limit excessive signage. Therefore, the Corporation is leading by example. Mr. King did indicate that the policy may be reviewed and amended in the future.

Mr. Patterson congratulated Mr. King on the Growth Smart Award. Mr. Patterson also asked about the new pond on Newcomb Road. Mr. King stated the pond is a storm-water retention pond created by the Corporation to help contain any drainage from the business park from flooding surrounding neighborhoods.

Mr. Miccolis asked about the plans for the Gateway sites leased to New Boston Development. Mr. King noted that there is a deal in progress for one site but that he was not at liberty to comment on it at the moment. He did note that New Boston Development has plans to put a restaurant on one site. Mr. King advised that New Boston Development is waiting for the HomeGoods to open for business, and then expects to rent out some of the office property in the Gateway.

4. COMMITTEE REPORTS

There were no committee meetings.

5. APPROVALS:

A. Approval of a Resolution Concerning the Financing in Connection with the Port of Davisville Dredging Project:

Mr. King announced to the Board that the RI General Assembly passed and the Governor endorsed legislation enabling Quonset Development Corporation to borrow \$7,500,000.00 in support of the Davisville Dredging Project.

Mr. King explained that RI Economic Development Corporation will issue a bond in the private market place and then provide the Corporation with an intercompany loan. The Corporation has a very favorable offer from Washington Trust Company to purchase the bonds on the following conditions:

1. Collateral assignment of leases and rents with respect to property owned by the Corporation.
2. Negative pledge with respect to certain real estate.
3. Transfer all the Corporations banking accounts to Washington Trust.

Mr. King noted that the Corporation proposes to pay back half the debt service with revenues from increased tariff rates and the balance will come from increased rents of the waterfront tenants.

Mr. Breslin asked which tenants would be assigned as collateral under the agreement. Mr. King advised that the Corporation receives approximately one million four hundred thousand dollars (\$1,400,000.00) in rents from NORAD. The debt service needed under this collateral is only about five hundred thousand dollars (\$500,000.00) and the lease is only assigned as collateral. Mr. Barry added that the amortization schedule is only about eight hundred and twenty six thousand dollars (\$826,000.00) a year and four hundred thousand dollars (\$400,000.00) of that will come from port revenues.

Upon motion duly made by Mr. Laramée and seconded by Mr. Rugh, the Board adopted the following resolutions:

WHEREAS, pursuant to Joint Resolutions of the Rhode Island General Assembly constituting 2012-S2873 and 2012-H7730 substitute A, passed in concurrence (the “Bond Act”) the General Assembly (i) found and declared it to be the public policy of the State of Rhode Island (the “**State**”) to encourage the expansion and development of the State’s harbors and ports and to foster and improve the handling of waterborne commerce from and to any port in the State and other State and foreign countries; and (ii) in furtherance thereof to have the Rhode Island Economic Development Corporation (the “**Issuer**”) issue harbor, pier and port revenue bonds to provide funds to the Quonset Development Corporation (the “**Corporation**”) for financing capital projects including harbor, pier, port, channel dredging and all other costs related to improvements necessary in the immediate vicinity of the Davisville pier at the Quonset Business Park (the “**Project**”);

WHEREAS, in order to finance the Project, capitalized interest, costs of issuance and reserve funds, if required, the General Assembly has authorized the Issuer to issue bonds from time to time in an amount not to exceed \$7,500,000 (the “**Bonds**”) to loan the proceeds of the Bonds to the Corporation, and to secure the Bonds with loan repayments to be made by the Corporation and other amounts pledged therefore by the Corporation;

WHEREAS, The Washington Trust Company (“Washington Trust”) has issued a commitment letter providing for the purchase of the Bonds;

WHEREAS, in connection with the issuance of the Bonds, the Corporation will be required to enter into (i) a Loan Agreement by and among the Issuer, the Corporation and Washington Trust (the “**Loan Agreement**”), and (ii) a Bond Purchase Agreement by and among the Issuer, the Corporation and Washington Trust (the “**Bond Purchase Agreement**”) and together with the Loan Agreement, the “**Bond Documents**”);

WHEREAS, in order to secure payment of principal and interest on the Bonds, the Corporation shall enter into a Collateral Assignment of Leases and Rents with

respect to property owned by the Corporation (the “**Assignment**”) and grant a negative pledge with respect to certain of the Corporation’s real property (the “**Negative Pledge**”) all in favor of Washington Trust; and

WHEREAS, the Corporation will make certain representations and warranties to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes pursuant to a Tax Regulatory Agreement (the “**Tax Regulatory Agreement**”).

NOW, THEREFORE, be it hereby:

RESOLVED: That the Corporation is authorized and directed to enter into the Bond Documents, the Assignment and the Tax Regulatory Agreement and to grant the Negative Pledge in order to facilitate the Project pursuant to the terms and conditions contained therein, and the Chairman, Managing Director and Director of Finance (each an “Authorized Officer”), acting singly, and in their sole discretion on behalf of the Corporation, be, and hereby are, authorized and directed to execute, acknowledge and deliver on behalf of the Company the Bond Documents, the Assignment and the Tax Regulatory Agreement and any other agreements, documents and instruments, including UCC financing statements, and to do and perform all acts and things necessary or incidental to accomplish the Project and the transactions as contemplated in the Recitals, the signature of any Authorized Officer on any of the above-referenced documents, instruments, agreements or certificates to be conclusive evidence of the Corporation’s approval of and agreement with the terms and conditions thereof and the authority granted hereby.

RESOLVED: That any Authorized Officer be, and each of them acting singly hereby is, authorized by and on behalf of the Corporation (i) to do and perform all acts and things and to execute, acknowledge and deliver all instruments and documents of whatsoever kind and nature necessary or incidental to or required by the Bank or the Issuer in connection with issuance of the Bonds and financing of the Project, and (ii) to sign, endorse or deposit any and all drafts, notes, acceptances, documents of title, contracts for the opening of commercial deposits.

RESOLVED: That any Authorized Officer of the Corporation be, and hereby are, acting singly and in their sole discretion on behalf of the Corporation, authorized and directed to execute, acknowledge and deliver on behalf of the Corporation any and all documents, instruments, agreements or certificates necessary to effectuate the aforesaid resolution, in such form and containing such provisions as said Authorized Officer, acting singly and in their sole discretion, shall, by such execution and delivery, approve, the signature of such Authorized Officer on any of the above-referenced documents, instruments, agreements or certificates to be conclusive evidence of the

Corporation's approval of and agreement with the terms and conditions thereof and the authority granted hereby.

RESOLVED: That any actions previously taken by the any director or officer of the Corporation in connection with the transactions contemplated by the foregoing resolutions be, and hereby are, approved, ratified and confirmed.

Voting in favor were: Robert H. Breslin, Jr., Elizabeth Dolan, Barbara Jackson, John G. Laramée, Anthony F. Miccolis, Jr., John A. Patterson, and James Rugh.

Voting Against were: None

Unanimously Approved.

B. Adoption of the Amended Terminal Tariff 017 for the Port of Davisville:

Mr. King advised the Board that the Terminal Tariff No. 017 needs to be updated to reflect the new fees, as already mentioned in relation to the previous vote. In addition to the fee changes, some of the language in the document has not been updated since 1985 and is operationally outdated. Mr. King noted the Corporation is specifically seeking to repeal and reissue the tariff.

Mr. King referred to Port Director Evan Matthew's memorandum regarding the changes to the Tariff:

1. The format and font size have been changed to make the tariff rules easier to read and understand.
2. All dockage rates have been increased from \$3.00 to \$6.00. The units have been changed from Net Registered Tonnage (NRT) to Length Over All (LOA).
3. Wharfage rates have increased from \$3.00 to \$4.00. All other wharfage rates have been increased accordingly by the same percentage.
4. Free time has been reduced from 7 days to 5 days for automobiles. All other free time rates remain unchanged.
5. The Safe Harbor rule in the tariff expired and has not been reissued in the new tariff.
6. All Stevedoring companies will be required to be licensed by the QDC to operate at the Port of Davisville.
7. Crane service is now available at the Port and rules and rates have been established. The crane hire rate is \$350.00 per hour which is within the market range of other ports of our size.

Mr. King explained that Mr. Matthews has completed an analysis of East Coast ports and determined these increased fees are well within reason.

Ms. Dolan asked if there would be a cost for the Stevedore licensing. Mr. King stated there would an annual cost of five thousand dollars (\$5000.00); licensing by the Corporation

would ensure insurance requirements are met and address other administrative matters in an efficient and timely way.

Mr. Breslin asked why the tariff fees had not been increased in 27 years. Mr. King acknowledged that the Port of Davisville's fee schedule makes it very favorable to customers but it is time to adjust the fees, not only to support the necessary dredging, but support the port's daily activities. Mr. King noted the fees may be adjusted on annual basis at more modest increments in the future but will remain competitive.

Mr. Rugh asked whether the referenced passenger charges affect the RI Fast Ferry? Mr. Matthews explained the passenger charges only come into play if the Ferry or some other passenger ship had to dock at the Port of Davisville which has never occurred. The reference is just a safeguard.

Mr. Miccolis asked if all the wharfage fees listed on page 11 of the tariff (Exhibit A) were all adjusted equally. Mr. King replied that all the Wharfage fees were adjusted by a competitive 33 %.

Mr. Patterson questioned if the port fees are still reasonable even if Harbor Maintenance Tax exclusion at Port of Davisville is not considered. Mr. King advised the Board that the fees were still reasonable.

Upon motion duly made by Ms. Jackson and seconded by Ms. Dolan, the Board:

VOTED: That the Corporation hereby approves the Port of Davisville Terminal Tariff (the "Tariff") substantially in accordance with the form presented to the Board and authorizes the giving of notice in accordance with applicable laws and regulations of the intended adoption of the Tariff.

VOTED: That the Corporation authorizes the giving of notice in accordance with applicable laws and regulations of the intended repeal of Terminal Tariff 017.

VOTED: That each of the Managing Director or Director of Finance, each of them acting alone, (the "Authorized Officer") hereby is authorized, empowered and directed to effectuate the intent of the foregoing resolutions with any and all modifications, renewals and variations of the Tariff as any of the Authorized Officers acting singularly and alone shall deem necessary, desirable and without further specific action by this Board. Upon compliance with the applicable notice requirements, the Tariff will be presented to the Board for adoption.

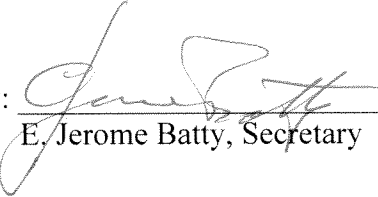
Voting in favor were: Robert H. Breslin, Jr., Elizabeth Dolan, Barbara Jackson, John G. Laramee, Anthony F. Miccolis, Jr., John A. Patterson, and James Rugh.

Voting Against were: None

Unanimously Approved.

There being no further business to come before the Board, upon motion duly made by Mr. Miccolis and seconded by Ms. Dolan, the meeting was adjourned at 5:31 p.m.

Respectfully submitted:

By: 
E. Jerome Batty, Secretary