

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

October 22, 2013

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, October 22, 2013, 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: Guy Asadorian, Jr., Robert H. Breslin, Jr., Elizabeth Dolan, Barbara Jackson, John G. Laramee, Anthony F. Miccolis, Jr., James Rugh and Richard A. Welch. Absent were: James Berson, Kas R. DeCarvalho, Marcel A. Valois. Also present were: Steven J. King, P.E., Managing 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 4:33 p.m. by Vice Chairman John G. Laramee.

2. **APPROVAL OF MINUTES:**

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

VOTED: To approve the Public Session and Executive Session minutes of the September 16, 2013 meeting, as presented.

Voting in favor were: Guy Asadorian, Jr., Robert H. Breslin, Jr., Elizabeth Dolan, Barbara Jackson, John G. Laramee, James Rugh and Richard A. Welch.

Voting Against were: None.

Unanimously Approved.

3. **STAFF REPORTS:**

Mr. King reviewed the staff report with the Board.

Mr. Anthony Miccolis joined the meeting at 4:40 p.m.

4. **COMMITTEE REPORTS:**

Ms. Jackson advised that the Audit Finance Committee met on Thursday, October 17, 2013 prior to the Board of Directors Meeting. Ms. Jackson stated that the Committee voted to approve the FY2015 Operating Budget for referral to the Board.

5. APPROVALS:

A. Approval of the FY2015 Operating Budget:

Kevin M. Barry, Quonset Development Corporation's Finance Director, reviewed the FY2015 Operating Budget and highlighted some major points. Mr. Barry explained that the FY2013 actual numbers were used to come up with the FY2015 budget as the FY2014 budget is still in progress until June 30, 2014. Mr. Barry pointed out that the revenues have grown steadily while keeping expenses relatively flat which will allow the Corporation to put some operating funds toward capital infrastructure. Mr. Barry noted that Debt Service was added to the budget mostly due to interest paid on the recent dredging at the Port of Davisville.

Mr. Barry commented on the projected rental revenues stating the Corporation shows a million dollar (\$1,000,000.00) increase in rental revenues from FY2014 to FY2015; however, most of these revenues are currently being received under the current budget but were not in place at the time of the FY2014 projected budget. Pier Income also increased due to the new Tariff and increased traffic at the Port of Davisville. Security billing has likewise increased revenues at the Port as the Corporation hiring a private security firm and passing much of the cost onto the ships. Water and Waste Water Income increases are due to the Board approved rate increases passed April 15, 2013. Mr. Barry noted that there was a projected loss from a departing current tenant, but stated that a new tenant may be in place for FY2015, currently the change is reflected as a loss.

Mr. Barry reviewed the FY2015 projected expenses with the Board and stated again they remain relatively flat and that there were no big changes. Ms. Jackson pointed out that although the FY2015 budget reflects a reduction in commissions paid, it is not reflective of less activity at the Business Park. Ms. Jackson explained that commissions are recorded when they are earned and have an offset in tenant revenue so for budgeting purposes only a flat commission is acceptable. Mr. King noted the GASB rules had changed as well, by not allowing the Corporation to accrue all commissions and spread it into the future as done in the past.

Finally, Mr. Barry reviewed the Capital Maintenance and Planned Capital Projects noting the Corporation is expecting to put three million five hundred thousand dollars (\$3,500,000.00) toward Capital projects.

Mr. Welch asked for the breakout of the audit/legal expenses. Mr. Barry explained that the audit costs are relatively low at around fifteen thousand dollars (\$15,000.00) and legal costs are approximately two hundred ten thousand dollars (\$210,000.00). Mr. Barry noted that the legal costs are reflective of increased transactions.

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

VOTED: To accept the FY2015 Operating Budget as presented to the Board.

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

Voting Against were: None.

Unanimously Approved.

B. Adoption of the 2014 Meeting Schedule:

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

VOTED: To adopt the meeting dates for 2014 Meeting Schedule as amended and attached hereto as Exhibit A.

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

Voting Against were: None.

Unanimously Approved.

C. Appointment of Officers of the Quonset Development Corporation at its Annual Meeting in accordance with the Bylaws of the Corporation:

Mr. King noted one addition to the list of officers re-nominating Mr. Anthony Miccolis to the office of Deputy Vice Chairperson.

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

VOTED: That the following persons are hereby elected to the offices set forth opposite their names, to hold such offices until the time fixed in accordance with the By-Laws of the Corporation for the next annual meeting of the Board of Directors of the Corporation and thereafter until their successors shall have been duly elected and qualified:

<u>Name</u>	<u>Office</u>
Steven J. King	Managing Director
John E. Laramée	Vice-Chairperson
E. Jerome Batty	Secretary
Kevin M. Barry	Finance Director
Anthony F. Miccolis, Jr.	Deputy Vice Chairperson

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

Voting Against were: None.

Unanimously Approved.

D. Approval of a Public/Private Partnership for the Development of the Second Phase of the Gateway Offices:

Mr. King reviewed the request for Board Authorization related to Phase II of the Gateway Office Building. The new facility will consist 12,425 square feet and be located on 3.13 acres in the Gateway District near the newly finished Phase I building. Mr. King explained projected costs are approximately one million five hundred thousand (\$1,500,000.00) which is about three hundred thousand less than Phase I due to the smaller size of the building.

Mr. King explained the financial structure stating the developer, Mr. Carr, will secure financing for the development with a developer return of 6% for a total cost of one million six hundred thousand dollars (\$1,600,000.00). The Corporation and the developer would then enter into a “lease to buy” paying an estimated three hundred twenty five thousand dollars (\$325,000.00) annually for six (6) years: costs will be offset by rent payments under subleases.

Mr. King explained the new building would be similar to the Phase 1 building in materials and appearance. The Corporation is still deliberating regarding the interior layout. The building will have three (3) four thousand (4000) square foot wings. The tentative plan is to break one (1) four thousand (4000) foot section into smaller offices and leave the two (2) other four thousand (4000) sections as is, but retain flexibility by adding movable interior partitions.

Mr. Breslin asked if Mr. King believes the demand is still present for this type of building. Mr. King affirmed that the Corporation is still receiving calls for the current building which is 100% full and believes the new building will be fully booked within six (6) months of completion.

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

VOTED: That in connection with the development of Phase 2 of the Gateway Office Development, 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 Sublease, Development Agreement, Construction Management Agreement and other agreements related thereto with MBQ, LLC, or an affiliated entity for the Sublease of an approximately 12,425+/-

SF multi-tenant office building in the Gateway District of Quonset Business Park, substantially in accordance with the Request for Board Authorization presented to the Board (the Sublease, Development Agreement, Construction Management 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, promissory notes, 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., Robert H. Breslin, Jr., Elizabeth Dolan, Barbara Jackson, John G. Laramee, Anthony F. Miccolis, Jr., James Rughand 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. Rugh, the Board:

VOTED: To adjourn to Executive Session pursuant to Subsection (5) – (Acquisition or Lease of Real Estate for Public Purposes or Disposition of Publicly held Property),

Subsection (6) – (Location of Perspective Businesses in Rhode Island) and Subsection, (7) - (Investment of Public Funds) of the RIGL §42-46-5(a) (the “Open Meetings Law”).

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

Voting Against were: None.

Unanimously Approved.

The meeting adjourned to Executive Session at 5:00 p.m. The meeting reconvened in Public Session at 5:26 p.m.

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

Upon motion duly made by Mr. Miccolis and seconded by Mr. Rugh, 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.

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

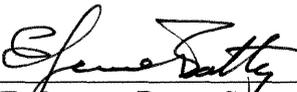
Voting Against were: None.

Unanimously Approved.

8. **ADJOURNMENT:**

Upon motion duly made by Ms. Dolan and seconded by Mr. Miccolis, the meeting adjourned at 5:27 p.m.

Respectfully submitted:

By: 
E. Jerome Batty, Secretary