

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

OCTOBER 18, 2022

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 18, 2022, 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: Susan Leach DeBlasio, Scot A. Jones, Matthew B. McCoy, Guillaume de Ramel, Eric Shorter, Job Toll, and Eric J. Wishart. Absent were: Don Gralnek, David M. Langlais, Susan M. Riley and Elizabeth M. Tanner. Present also were: Steven J. King, P.E., Managing Director; Norine V. Lux, Finance Director; Chelsea Siefert, Director of Planning and Development; Thomas W. Madonna, Jr., Hinckley, Allen & Snyder LLP; and Corporation's staff, and members of the public.

1. **CALL TO ORDER:**

The meeting was called to order at 5:05 p.m. by Vice Chairperson DeBlasio.

2. **APPROVAL OF MINUTES:**

Upon motion duly made by Mr. McCoy and seconded by Mr. Wishart, the Board:

VOTED: To approve the Public Session Minutes of the September 20, 2022, meeting as presented.

Voting in favor were: Susan Leach DeBlasio, Scot A. Jones, Matthew B. McCoy, Eric Shorter, Job Toll, and Eric J. Wishart.

Voting Against were: None.

Unanimously Approved.

Guillaume de Ramel joined the meeting at 5:10 p.m.

3. **ODC STAFF REPORTS:**

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

4. **COMMITTEE REPORTS:**

The Audit-Finance Committee met on October 17, 2022, and the Committee will provide a report during the Acceptance of the FY2024 budget.

5. **APPROVALS:**

A. **Appointment of the Quonset Development Corporation Officers in accordance with the By-Laws of the Corporation:**

The vote was split to vote for the Vice Chairperson separately from the other Corporation Officers.

Upon motion duly made by Mr. Jones and seconded by Mr. Ramel, 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
Norine V. Lux	Finance Director
Jill C. Sherman	Secretary
Christine Andrews	Assistant Secretary

Voting in favor were: Susan Leach DeBlasio, Scot A. Jones, Matthew B. McCoy, Guillaume de Ramel, Eric Shorter, Job Toll, and Eric J. Wishart.

Voting Against were: None.

Unanimously Approved.

And;

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

VOTED: That the following person is hereby elected to the office

set forth opposite her name, to hold such office 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 her successor shall have been duly elected and qualified:

<u>Name</u>	<u>Office</u>
Susan Leach DeBlasio	Vice Chairperson

Voting in favor were: Scot A. Jones, Matthew B. McCoy, Guillaume de Ramel, Eric Shorter, Job Toll, and Eric J. Wishart.

Voting Against were: None.

Recused: Susan Leach DeBlasio.

Motion passed.

B. Review of the 2023 Meeting Schedule:

There were no comments.

C. Acceptance of the FY2024 Operating Budget:

Mr. Jones, Audit-Finance Committee Chair, advised the Board that the Committee met prior to the Board meeting to review and discuss the FY2024 Operating Budget. Mr. Jones stated that the budget is in good standing given the current post-COVID financial impacts and rising inflation. Mr. Jones stated after a thorough review, the Audit-Finance Committee recommends acceptance of the FY2024 Operating Budget by the full Board of Directors.

The Board reviewed the proposed FY2024 Operating Budget and Mr. King noted that because the Corporation has been focused on investing in development projects such as the Flex Industrial Park and the Gateway offices, revenue increased by about \$3 million dollars as reflected in FY2024 budget over the FY2023 budget. However, those revenues are offset by an equal increase in operating expenses related to costs in those development projects.

Mr. King also pointed out the \$1.1 million increase in debt service from FY2022 is actual to the FY2024 proposed. Mr. King explained that the Corporation is now paying back the \$15 million revenue bond that was issued for improvements at the Port of Davisville. Debit service payback is impacting the Corporation's ability to undertake capital projects under the 5-year capital improvement plan. Mr. King reminded the Board that the Corporation has a list of \$174 million worth of plans for capital projects in the Quonset Business Park that are currently unfunded. Mr. King reviewed the capital projects funded under the FY2024 budget including water and wastewater improvements, port infrastructure improvements, IT upgrades and improvements, public works improvements, property maintenance (QDC buildings) and Quonset Business Park infrastructure projects. Mr. King noted that the funding difference between the Capital Infrastructure of \$2.4 million on the FY2024

Operating Budget and the \$3.1 million noted on the Capital Projects sheet will be made up in water and wastewater user infrastructure surcharges, which will be collected to fund related capital costs.

Finally, Mr. King stated the Corporation is proposing to increase personnel expenses by 7% in the FY2024 budget, which is a departure from the typical 3% requested in the past budgets. Mr. King explained the Corporation tracked salaries and inflation from 2009 to present and if inflation continues at 8% or higher, employee salaries will become 13% less than they were in 2009 despite the increase.

Mr. Jones noted that besides the inflation information, the Corporation also did a compensation study. Mr. King confirmed that the compensation study was conducted, and 18 employees were identified as needing compensation adjustments for FY2023.

The Board discussed the municipal service agreement with the Town of North Kingstown and the Payment in Lieu of Taxes (PILOT) agreement also with the Town of North Kingstown and noted that the Town of North Kingstown receives about \$10 million a year in PILOT payments that pass through the agency and other businesses have direct tax agreements with the Town of North Kingstown.

Mr. Shorter asked about the drop in the “Other” income on the FY2024 budget and Mr. King noted that the position change was due to a land sale in FY2022.

Mr. Jones noted for the record that the Audit-Finance Committee consisted of himself, Susan Leach DeBlasio and Eric Wishart.

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

VOTED: To accept the FY2024 Operating Budget as presented to the Board.

Voting in favor were: Susan Leach DeBlasio, Scot A. Jones, Matthew B. McCoy, Guillaume de Ramel, Eric Shorter, Job Toll, and Eric J. Wishart.

Voting Against were: None.

Unanimously Approved.

D. Approval of Adjustments to the Quonset Water and Wastewater Utility Rate Schedule for Calendar Years 2023 and 2024:

Mr. King explained that the Corporation has, in the past, adopted utility rates on 5- year schedule based on the rate structure study, prior to the new rate adjustment. Mr. King noted that the schedule is in the third year of the five-year schedule and the Corporation is requesting an adjustment to the rates for 2024 and 2025. The rate structure includes both water and wastewater utilities rates but only the water rates require revising. Mr. King reminded the Board that the Corporation recently completed a project to create a redundant

supply and entered into an agreement with the Kent County Water Authority (“KCWA”) to ensure future Quonset Business Park (“QBP”) water supply needs will be met. Mr. King added that before this agreement, the QBP relied on ground wells and the Hunt River aquifer. Mr. King stated that the Corporation entered into this agreement to provide for future QBP needs which allows for growth and future marketing value while being aware of the limited and protected resources of the Hunt River Aquifer. Mr. King stated that rates must be adjusted to break even on water service cost which is consistent with the breakeven philosophy guiding water service in the QBP in the past. Mr. King reviewed the rate changes and compared them to other communities in Rhode Island and showed the rates to be competitive.

Mr. McCoy asked if the wholesale rates from KCWA would be locked in for 5 years as well. Mr. King stated the KCWA is regulated by the Public Utilities Commission (“PUC”) and those rates are approved by the PUC every other year.

Mr. King stated that the Corporation will have more data for the next 5-year rate schedule for the period of 2025-2029; however, the proposed increase is based on the best analysis of the current available data. Notice of the increase will be provided to users prior to increase.

Upon motion duly made by Mr. Ramel and seconded by Mr. Wishart, the Board:

VOTED: To accept the Adjustment to the Quonset Water and Wastewater Utility Rate Schedule for Calendar Years 2023 and 2024 as presented to the Board.

Voting in favor were: Susan Leach DeBlasio, Scot A. Jones, Matthew B. McCoy, Guillaume de Ramel, Eric Shorter, Job Toll, and Eric J. Wishart.

Voting Against were: None.

Unanimously Approved.

E. Approval of Option to Lease Agreement and Lease Agreement with Green Development, LLC:

Mr. King stated that this approval is for Green Development, LLC to build a 420 MWh electric battery storage facility to interconnect the power grid with the offshore wind farm which is coming ashore at the Quonset Business Park. Mr. King read a letter from Brian Schuster, Head of External Affairs for RI Energy, in support of the battery storage facility to the Board.

The Board reviewed the transaction sheet and Mr. King noted that Green Development, LLC is asking for a 3-year option period to get the necessary permitting for the project prior to entering into a lease agreement. Mr. King explained that the 25-year ground lease consists of two sites; one site for the battery storage facility that consists of almost 6.5 acres and a second site consisting of 3.19 acres for the transmission line. Mr. King explained that the

smaller site does not have much development possibility due to encumbrances, so this is a good use of the property.

Ms. DeBlasio asked about possible emissions or other hazards related to the battery storage facility that might deter future development on surrounding parcels. Mr. King stated there are no emissions, fire is a possible hazard, but the containers would have built in fire protection.

Mr. King reviewed the fees associated with the agreement including the rent, which will be based with the amount of energy storage at the 6.5 acre parcel; \$1000 per MWh per year (estimated at \$420,000.00 per year assuming 420 MWh production) but no less than \$100,000.00. The 3.19 acre parcel will be billed at \$56,000.00 per year and the associated easement fee will be \$300,000.00 per year.

The Board discussed what the external appearance of the facility will look like.

Upon motion duly made by Mr. Jones and seconded by Mr. McCoy, 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 an Option to Lease Agreement (the "Option to Lease Agreement") and a Lease Agreement (the "Lease Agreement") (and related instruments as deemed appropriate by the Authorized Officers) with Green Development, LLC for the leasing of (i) that certain parcel being approximately 6.49 acres located on Davisville Road and currently designated as North Kingstown Tax Assessor Plat 190, Lot 10 (a portion of Site Readiness Parcel 42), and (ii) that certain parcel being approximately 3.19 acres located on Callahan Road and currently designated as North Kingstown Tax Assessor Plat 183, Lot 60 (Site Readiness Parcel 9), the terms of such Option to Lease Agreement and Lease Agreement to be substantially in accordance with the Request for Board Authorization presented to the Board (the Option to Lease Agreement and 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, including 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: Susan Leach DeBlasio, Scot A. Jones, Matthew B. McCoy, Guillaume de Ramel, Eric Shorter, Job Toll, and Eric J. Wishart.

Voting Against were: None.

Unanimously Approved.

F. RI Ready Status Update:

Mr. King noted that all RI Ready updates are noted in the memo and asked if there were any questions. No questions were received.

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

Upon motion duly made by Mr. Jones and seconded by Mr. Wishart, 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: Susan Leach DeBlasio, Scot A. Jones, Matthew B. McCoy, Guillaume de Ramel, Eric Shorter, Job Toll, and Eric J. Wishart.

Voting Against were: None.

Unanimously Approved.

The meeting adjourned to Executive Session at 6:02 p.m. The meeting reconvened in Public Session at 6:36 p.m.

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

Upon motion duly made by Mr. Jones and seconded by Mr. McCoy, 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: Susan Leach DeBlasio, Scot A. Jones, Matthew B. McCoy, Guillaume de Ramel, Eric Shorter, Job Toll, and Eric J. Wishart.

Voting Against were: None.

Unanimously Approved.

8. **ADJOURNMENT:**

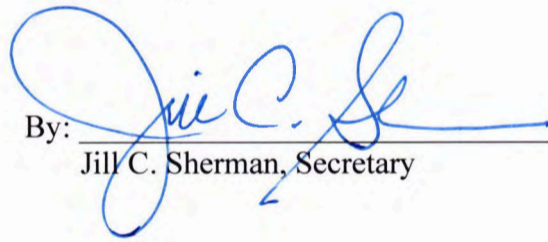
Upon motion duly made by Mr. Jones and seconded by Mr. Ramel, the meeting adjourned at 6:37 p.m.

Voting in favor were: Susan Leach DeBlasio, Scot A. Jones, Matthew B. McCoy, Guillaume de Ramel, Eric Shorter, Job Toll, and Eric J. Wishart.

Voting Against were: None.

Unanimously Approved.

Respectfully submitted:

By: 
Jill C. Sherman, Secretary