

**RHODE ISLAND PORT AUTHORITY AND
ECONOMIC DEVELOPMENT CORPORATION**

MEETING OF DIRECTORS

PUBLIC SESSION

SEPTEMBER 25, 1989

A meeting of the Board of Directors of the Port Authority in Public Session was held on Monday, September 25, 1989, at 4:25 p.m., at the office of the Department of Economic Development, Seven Jackson Walkway, Providence, Rhode Island, pursuant to notice of the meeting duly given to all of the Directors.

Directors present were: Governor Edward D. DiPrete, Representative Suzanne M. Henseler, Harry A. Schult, Pamela A. Crandall, Representative Harold D. Cutting, Senator William C. O'Neill, Scott B. Laurans, Roger L. Messier and H. Jay Sarles.

Directors absent were: Paul J. Choquette, Jr.

Also present were: Executive Director Henry W. Fazzano, Governor DiPrete's Policy Director Sarah T. Dowling, members of the Port Authority and Richard G. Small.

Governor Edward D. DiPrete presented.

1. Vote to Meet in Executive Session

By open call prior to adjournment to Executive Session, upon motion duly made by Representative Harold D. Cutting and seconded by H. Jay Sarles, the following vote was duly adopted:

VOTED: That the Board adjourn to Executive Session to consider and take appropriate action on such matters as permitted by subsection (5) (acquisition or lease of real property for public purposes or disposition of publicly held property, including the and Quonset Point/Davisville and Route 37/Pontiac Avenue Projects), subsection (6) (location of prospective businesses in Rhode Island) and subsection (7) (investment of public funds) of Rhode Island General Laws, Section 42-46-5 (a), the Open Meeting Law.

Voting in favor of the foregoing were: Governor Edward D. DiPrete, Representative Suzanne M. Henseler, Harry A. Schult, Pamela A. Crandall, Representative Harold D. Cutting, Senator William C. O'Neill, Scott B. Laurans, Roger L. Messier and H. Jay Sarles.

Voting against the foregoing were: None.

The Board reconvened in Public Session at 4:45 p.m. following the Executive Session portion of the meeting.

2. Directors' and Officers' Liability Insurance Program of the Port Authority Discussed

This matter was brought before the Board pursuant to the request of Mr. Harry Schult. Mr. Schult recommended that the Board review the Directors' and Officers' Liability Insurance Program (the "D&O Insurance") and consider the need for such insurance in light of the Omnibus Tort Reform Act of 1987 (Public Laws 87-552). Mr. Schult also expressed concern that the invoiced premiums for 1990 in the amount of \$21,206 were substantial and that the D&O Insurance contains various exclusions of certain activities.

Mr. George West, a representative from J. H. Albert International Insurance Advisors, Inc., the insurance consultant to the Port Authority, made a presentation to the Board regarding the D&O Insurance coverage. Mr. West informed the Board that the cost of \$21,206 for the Port Authority's D&O Insurance provided by Starkweather & Shepley is a competitively-bid price. Mr. West further outlined to the Board the limits, deductibles and premiums of the Port Authority and Rhode Island Industrial Facilities Corporation.

The Board inquired of Mr. West as to why the D&O Insurance is necessary in light of the fact that the 1987 legislation known as the Omnibus Tort Reform Act (the "Act") appears to provide the same protections as the D&O Insurance.

Mr. West responded that the Act does not cover compensated directors, officers and employees of the Port Authority, and, therefore, he believes that the insurance is necessary to cover these individuals. He further noted that the D&O Insurance protects the Port Authority as a entity as well.

Governor DiPrete then suggested that Mr. Henry Fazzano and Governor DiPrete's Policy Director Sarah T. Dowling work together to explore various approaches to this problem as it pertains to state agencies such as the Port Authority including, if appropriate, the introduction of legislation before the General Assembly.

3. Executive Director's Report

No Executive Director's Report was presented to the Board in Public Session at this time.

4. Minutes Approved

Upon motion duly made by Pamela A. Crandall and seconded by Scott B. Laurans, the following vote was duly adopted:

VOTED: That the minutes of the meeting of the Board of Directors held on August 28, 1989, Public Session, be approved as submitted to the Directors.

Voting in favor of the foregoing were: Governor Edward D. DiPrete, Representative Suzanne M. Henseler, Harry A. Schult, Pamela A. Crandall, Representative Harold D. Cutting, Senator William C. O'Neill, Scott B. Laurans, Roger L. Messier and R. Jay Sarles.

Voting against the foregoing were: None.

5. Proposed Capital Budget of the Port Authority Approved

Mr. Fazzano presented the proposed Capital Budget of the Port Authority. A full review and discussion of the highlights of the Capital Budget followed.

Upon motion duly made by Scott B. Laurans and seconded by Pamela A. Crandall, the following vote was duly adopted:

VOTED: That the proposed Capital Budget of the Port Authority in the form set forth as Exhibit 1 hereto, is hereby adopted.

Voting in favor of the foregoing were: Governor Edward D. DiPrete, Representative Suzanne M. Henseler, Harry A. Schult, Pamela A. Crandall, Representative Harold D. Cutting, Senator William C. O'Neill, Scott B. Laurans, Roger L. Messier and H. Jay Sarles.

Voting against the foregoing were: None.

6. Report Regarding Any Recent Actions of the Rhode Island Industrial Facilities Corporation

No report of the Rhode Island Industrial Facilities Corporation was presented to the Board at this meeting.

RESOLUTIONS FOR ADOPTION AT MEETING
OF DIRECTORS OF
SMALL BUSINESS LOAN FUND CORPORATION
AUGUST 28, 1989

Resolved: That the election of the following named persons to office set forth opposite their respective names, which elections were held on November 4, 1985, be and the same hereby ratified,

Chairman:	Harry A. Schult
Vice Chairman:	Scott B. Laurans
Secretary:	Robert E. Donovan

Resolved: That in connection with the making of loans by Corporation which have been authorized by the Board of Directors, each Chairman, Vice Chairman, Secretary of the Corporation and Virgil Nolan is authorized from time to time, to execute and deliver in the name of the Corporation loan agreements, security agreements and other such instruments and any of them, in his sole and exclusive discretion, to affect the transactions contemplated by the Board of Directors in their votes or resolution authorizing such loans.

Therefore, based on the Board's determination that the following loans will prevent, eliminate, or reduce unemployment or under-employment in the State and will generally benefit the economic development of the state, adequate provision has been or will be made for the payment of the cost, acquisition, construction, operation, maintenance and upkeep of the Project; the plans and specifications assure adequate light, air, sanitation and fire protection; that the loan is in conformity with the applicable provision of Chapter 46-23 of the General Laws (Coastal Resource Management Council Act) and the project is in conformity with applicable provisions of the State Guide plan, the following resolutions are authorized.

The Board of Directors unanimously approved a motion by Mr Willette, seconded by Mr. Fazzano, to have a certified check prepared in the amount of \$50,000 for Eastland Bank and that the Secretary attend and be prepared to use such check as a downpayment on property currently owned by Guardian Realty Trust and which is subject to a foreclosure sale and auction, scheduled for September 1, 1989 in Woonsocket, RI.

Resolved: That the Corporation make a loan to Beverly Jesuino to start a day care center in East Greenwich. The loan will be for \$30,000 and have a term of 5 years with an interest rate of 9.35% fixed. The funds will be matched by other financing of at least \$30,000 and the facility will be incorporated and be certified by the appropriate agencies for operation. Collateral for the loan will be a security interest in the Company assets, the personal guaranty of Ms. Beverly Jesuino and the personal secured guaranty of Mr. Edward A. Jesuino.

