

Board of Directors Meeting
Friday, August 1, 2014 @ 9:00am
SSTTDC Town Hall Conference Room

Directors Present: John Ward, Vice Chairman
Christopher Aiello, Clerk
Gerard Eramo
Jeffrey Wall

Directors Unable to Attend: Joseph Connolly, Chairman

Also Present: Kevin R. Donovan, Chief Executive Officer
James A. Wilson, Chief Financial Officer
Scott Bois, Treasurer/Collector

The Vice Chairman called the meeting to order at 9:00am.

Financials

The CFO noted that at the June 30th Board meeting he had indicated that the Department of Revenue endorsed his recommendation that the Board adopt an interim 3-month budget for FY15. DOR/ANF asked for two updates: one at the end of June and another at the end of July. Mr. Wilson would update DOR/ANF at the close of the Board meeting today.

On June 6, 2014, it was predicted that LNR would not make payments on deficiency or taxes. Mr. Wilson called upon the Treasurer/Collector to answer three questions:

(a) Has LNR made payment on the Parkway Deficiency?

Answer by Collector/Treasurer, "No, they have not".

(b) Has LNR made payment to water/sewer charges?

Answer, "No, they have not".

(c) Has LNR made payment to FY15 taxes due today?

Answer, "No, not as of 9:00am today".

The Treasurer/Collector provided the CFO with the written depository accounts as of 9:00am today. The CFO noted for the record that there was no wire transfer into the Bank, which was the typical method that LNR made payments to SSTTDC.

Mr. Wilson presented the general fund balance sheet and expenditures. As of this morning showing \$279K revenue and \$761K expenses, and noted at this rate there was insufficient cash to operate. The Board was informed there was \$1.5M available cash, and at the current rate of expenditures there would be cash flow available through the end of September. This was the basis for the CFO to specifically recommend an interim a 3-month budget.

Mr. Wilson explained that Legislature passed but not engrossed a bill to reorganize SSTTDC. As an element of that bill, SSTTDC must re-negotiate six (6) documents requiring staff and a legal team. The CFO noted if expenditures remain unchanged, there will be insufficient cash to accomplish those tasks with either staff or a legal team. The CFO stated he was appalled that no one from any of the three towns inquired if there was sufficient cash to execute the responsibilities placed upon the Board in this legislation. Mr. Wilson further stated that it was reprehensible that the Towns would recommend legislation that put the Board in a position of being unable to fulfill its obligations under that legislation.

Mr. Wall was informed that LNR had until midnight to pay taxes and that the Board should meet again at the end of August for a financial review. The Board would have the option at that point to reduce staff or not pay towns or other expenses.

Mr. Ward was informed that the transition period from the former 5 member board to a new 9 member board would be at least 30 days from the date the Governor signed the Legislation into law.

Mr. Wall was informed that there had been no correspondence over the past several months with LNR, and that if their taxes were not paid then it would not bode well for the transition to the three communities.

14-022 FY14 Unpaid Bills

Discussion ensued on the unpaid bills received after July 15, 2014. The CFO noted the MUNICIPAL invoice exceeded \$18K; therefore the over contract amount would not be paid. Mr. Wall noted the majority of the requested sum due was for turtle monitoring.

VOTED: Motion of Christopher Aiello, seconded by Gerard Eramo, that the Board of Directors authorizes the sum of \$31,527.92 for the payment of the FY2014 Unpaid Bills itemized below. To meet this appropriation, the sum of \$10,000 is to be transferred from the Reserve Fund (Program 132 Balance = \$17,500) to line item 11336730.578107 and the sum of \$12,200 is re-appropriated from line item 12000000.570000 to line item 11336730.578107 combined with the \$9,334 appropriated by measure 14-012 in line 11336730.578107: AECOM (turtle monitoring) \$18,916.99, WhiteWater (water testing) \$8.76, Edwards Wildman \$12,530.53, LNR electric June 2013 \$251.64, MUNICIPAL \$1,979.25 = Total \$33,507.17 less MUNICIPAL over contract amount (\$1,979.25) = New Balance \$31,527.92. And that the Accountant with the assent of the Treasurer is authorized to pay such bills in such amounts as they deem appropriate but not to exceed the total amount stated above.

Unanimous 4-0 vote

Legislation

The Board was informed by Mr. Donovan that Legislators were in the final stages of enacting the new Legislation and that the bill would be in effect once the Governor signed it. The Board of Directors would be terminated but still acting on day to day matters for 30 days or until the new board was constituted. The Towns would begin to collect taxes, provide services and accept all roadways as public

on January 1, 2015. The Parkway Claw back remains due but may be deferred to 2019, and the 2010A Series Bonds remains with the new Authority and NOT the Towns.

In light of the clear intention of the new Legislation to eliminate the executive director and chief financial officer positions, and in order to be consistent with the legislation and current employment agreements, Mr. Donovan and Mr. Wilson jointly recommended that the Board take action today to give formal notice that their respective positions have been legislatively abolished. This action would provide the new Board a clean slate and the ability to move forward as they deem fitting and proper. Each Board member gave kudos to the CEO and CFO for their accomplishments and their management team. Concerns were raised that the agency was still a state municipality and still had responsibilities to the Department of Revenue; the financial and reporting obligations were not eliminated.

Mr. Wilson stated the required financial report for FY14 would be submitted to DOR before he departed; that he and Mr. Donovan collaborated on what needed to be done during the transition period and that they would speak to the Director of Accounts to determine what elements needed to be in place for the transition. Mr. Wilson stated he would provide an update to the Board at the end of August as to the next steps. The Board was informed that the Treasurer/Collector was the third position of financial authority as a matter of Law (Chapter 41) and under the Tax Plan.

Mr. Donovan indicated that the new Board must reorganize and be ready to amend: the Tax Plan, the Parkway MOA, the Regulatory Framework and the DDA, all before October 15th; an annual Budget must be adopted and approved by the Advisory Board and the three Host Towns, and the tax rate must be set no later than Dec. 31, 2014 or the towns may not be able to set their tax rates. The new Board will have to work through staffing needs and legal help to deal with these portions of the new Legislation.

Mr. Eramo stated in light of the financial situation it made sense to move forward with the recommendation of CEO/CFO. Mr. Wilson indicated if the Board acted favorably on Board measure 14-023 there would be sufficient money to get through to the end of October for staffing purposes. The Board was informed that by the end of August three FTE staff persons would be eliminated.

Board Measure 14-023 Employment Separation

VOTED: Motion of Gerard Eramo, seconded by Christopher Aiello, that due to a legislative reorganization of the Corporation the Board of Directors hereby gives formal notice to Kevin R. Donovan, in his capacity as Chief Executive Officer and James A. Wilson in his capacity as Chief Financial Officer that their respective positions with the Corporation have been legislatively abolished. Accordingly they are to be separated from employment without statement of cause.

Therefore consistent with the foregoing, the employment contracts dated January 26, 2009 for Kevin R. Donovan and August 19, 2010 for James A. Wilson respectively are hereby terminated effective August 1, 2014 in accord with the provisions therefor without statement of cause. Each is required to execute a standard form of release, no later than midnight August 1, 2014. Upon the execution of the standard form of release, all severance payments including but not limited to unpaid vacation and

personal days and accrued sick leave buy back up to 20% of earned time are to be immediately processed and paid within 5 business days.

Furthermore, the said Mr. Donovan and Mr. Wilson are authorized to serve on a consultant basis, if they so desire, an additional 28 calendar days commencing August 4, 2014 and expiring August 29, 2014 at the same weekly salary as currently paid by the SSTDC for purposes of providing day to day assistance, as requested, for the transition period with the scope of authority limited to ministerial matters dealing with the close of FY2014 and advise on those matters concerning FY2015. They shall also engage a CPA firm to perform a transitional audit with an ending period of August 22, 2014 conducted in a manner consistent with G.L. Chapter 44, section 42 with the results to be submitted to the Chairman of the Board of Directors with copies to Mr. Donovan and Mr. Wilson as soon as practicable; neither Mr. Donovan nor Mr. Wilson shall have any signatory authority over bank accounts after August 22, 2014.

Unanimous 4-0 vote

Both Mr. Donovan and Mr. Wilson agreed to stay on as consultants for 28 days.

Mr. Wall thanked Mr. Nastasia for his service to SSTDC. Mr. Nastasia's resignation is effective Friday, August 8, 2014.

VOTED: Motion of Gerard Eramo, seconded by Chris Aiello, to approve the minutes of June 11, 2014

Unanimous 4-0 vote

VOTED: Motion of Gerard Eramo, seconded by Chris Aiello, to adjourn the meeting.

Unanimous 4-0 vote

The meeting ended 9:30am

Mary Cordeiro, Recording Secretary

Joseph Connolly, Chairman of the Board

Documents reviewed during the meeting:

Board Measure 14-022

Board Measure 14-023