



SPECIAL MEETING OF THE
CONNECTICUT PORT AUTHORITY
BOARD OF DIRECTORS

TUESDAY FEBRUARY 11, 2020 (10:00 A.M.)

Location:
Capital Community College
Walter J. Markiewicz Community Room
950 Main Street
Hartford, CT 06103

DRAFT Meeting Minutes

Attendance

- Board Members: Chairperson David Kooris; Don Frost; Dave Pohorylo; John Johnson; Grant Westerson; Binu Chandy; Jeff Beckham; Nancy DiNardo; Mark Rolfe; Alex Marcellino
- CPA Staff: Casandra Berthiaume; Andrew Lavigne; Joe Salvatore
- Guest Presenter: Konstantinos Diamantis

Phone

- Judi Sheiffele; Parker Wise

Absent

- Brian Thompson

Quorum: Yes

1. Call to Order

The meeting was called to order by Chairman Kooris at 10:05 a.m.

2. Authority update and comments from the Chairman

Chairman Kooris welcomed the board and participants to the meeting and informed attendees that there is a sign-up sheet for those who wish to provide public comment following the presentation of the project. He noted the CPA's Regular Meeting is still scheduled for next Tuesday 18 February.

3. Department of Administrative Services (DAS), Office of Policy and Management (OPM) and CT Port Authority (CPA) Presentation of a Harbor Development Agreement by and among the Connecticut Port Authority, Gateway New London LLC and North East Offshore, LLC, with respect to the New London State Pier.

Chairman Kooris provided an update and overview on the Harbor Development Agreement (HDA) including aspects of the discussion from OPM and DAS who are engaged with CPA for project management and project delivery expertise.

First and foremost, much of the agreement remains consistent with what has been conveyed publicly, including at the 17 September public informational session held at the Holiday Inn in New London. We have incorporated feedback from our local and regional stakeholders. Fundamental changes to the project and the agreement over last several months are a direct response to public comments we have received – not least of which the potential conflicts that arose from an earlier design with other stakeholders on the Thames River. The new design looks similar, but is fundamentally different. The difference is the location of the heavy lift pad (which determines the location of the installation vessel that brings the components out to sea) has been moved to the east side of the pier, rather than the southern side. There are also less modifications being made to the CV pier than originally proposed.

We heard loud and clear the potential conflicts with Cross Sound Ferry and acknowledged the need to coordinate the beneficial use of neighbors in the area. Moving the vessel from the southern edge to the eastern edge we now avoid that conflict.

The design retains three berths. This is a publicly owned facility. After the duration of the lease term, it will be the CPA's to manage as we see fit with our partners at Gateway. There will be a southern berth with some limitations due to the proximity to Cross Sound Ferry's operations, an eastern berth with new heavy lift capacity with significant growth and expansion opportunities because of the linear footage available to us along that eastern wharf, and the northeast quay.

The final design creates a far more functional facility than the one that exists today; with heavy lift capacity, upland storage and more viable berths for a broader range of activities. We are confident that the facility with these adjustments from the comments we heard from the public stakeholders is a better facility for us and the taxpayers of Connecticut, now and over the long-term.

We have been working closely with our partners at Genesee & Wyoming Railroad to secure the adjacent property for additional upland storage, and to create an alternative spur, which provides intermodal connectivity to waterfront properties northeast of the facility.

Additionally, Orsted and Eversource have been working closely with the City of New London over these last several months to continue to develop a Host Community Agreement that meets the City's objectives.

To further discuss project delivery, Chairman Kooris invites Deputy Secretary of OPM Konstantinos Diamantis to speak to the role of OPM and DAS managing the construction project. Mr. Diamantis explained that his prior role was that of Director of Construction Services, responsible for overseeing the construction of all state building projects. He emphasized the importance of timing in projects like this – the project is to be delivered by August 2022 - and

procurement needs to move quickly, and will be overseen by DAS. Additionally, a consultant will be hired to serve as construction administrator. Mr. Diamantis explained that just like any other project he is involved in, anything over the budgeted cost (in this case \$157 million) is the responsibility of the state to fund. It is his endeavor to keep the project at \$157 million, or less - completed under budget and on time.

Chairman Kooris outlined the funding commitments of the parties, totaling \$157 million.

CPA is working hard to deliver the project on a timeline to allow our partners to deliver on their obligations to Connecticut made through prior CTDEEP energy procurements.

The bond bill before the legislature currently includes the funding necessary to meet the CPA and the State's obligation toward the \$157 million project cost.

Other critical obligations of the CPA over the coming weeks and months include an amendment to the design contract with Moffatt and Nichol, who were previously contracted by Orsted and Eversource. Modifications to that contract will ensure CPA owns the design and has the ability to direct those designers to our satisfaction to enable the project to occur at pace.

Additionally, there will be a transfer of the State Pier property from the Department of Transportation to the CPA. There are two reasons for that transfer: the original CPA-DOT agreement did not consider a capital project of this magnitude, where ownership would be more appropriate. The way the agreement has evolved and the need to ensure that our partners at Gateway, Orsted and Eversource have rights throughout the process, we are engaging in a sublease with Orsted/Eversource, concurrent to the Concession Agreement with Gateway, and ownership has to be at the CPA.

A crucial component still in progress is the lease of the adjacent railroad land. This is nearing completion and should be finalized in the near-term. Those lease payments are project costs that will be funded out of Orsted/Eversources contributions and are included in the budgeted \$157 million. There is a significant amount of soft costs, like that lease, included in the \$157 million project budget, which is important to make clear because those do not become operating expenses of the CPA.

Finally, what happens if we don't meet some of these obligations (early actions, permitting, project funding)? There will be significant offshore activity at State Pier. There are many mechanisms in the HDA that bring the groups back to the table to renegotiate to achieve the greatest possible project given those circumstances. We are committed to the entire project. It has the commitment of the Administration and the CPA because that is the project that delivers the greatest near- and long-term benefit to the region city and maritime sector. If something outside of our control prevents us from achieving that full project potential, we will mobilize the resources available to us to realize the greatest project possible.

Chairman Kooris thanked the Administration, OPM, Mr. Diamantis in particular, partners at Orsted, Eversource and Gateway.

Mr. Diamantis added that the increased cost of the project did not come easily without weighing all the factors, as the state bears a significant amount of responsibility. The Administration believes that this investment will rank New London's State Pier as one of the premier locations in the north Atlantic and offers us great opportunity for economic development across Connecticut.

The Administration sees the increased cost of this project as viable, practical and responsible investment. They see the additional funding as a complete investment in the State of Connecticut. That is why they were confident in the increased costs of moving the heavy lift pad to the east side, the increased project cost and the state's increased financial responsibility.

4. Public participation relating to Agenda items

Chairman Kooris calls the first member of the public that has signed up for public comment: Linda Blais.

Ms. Blais stated that she doesn't remember seeing anything public about who is responsible for what dollar value. This could be the best project ever for Connecticut, but the general public doesn't have enough information to be able to judge for themselves whether this is an appropriate use of our taxpayer funds. Have you calculated what the financial benefit net to the taxpayers of Connecticut having this project moves forward?

Chairman Kooris responded that we have articulated the cost, the breakdown and the responsible parties and have updated the public as that has evolved. Most important to keep in mind: this is a public facility. Other states in the northeast and the east coast have invested in similar facilities, sometimes for similar use, exclusively with public dollars. We are in a rare and beneficial situation where we have the ability to not only attract private capital to defer a significant portion – nearly half and in some scenarios just greater than half – of the entire project cost, while doing so in a way that has a guaranteed private user that will make economic benefit of that facility with the direct and indirect impact jobs in the region. Unlike any other public infrastructure project that the state embarks on, of which there are many, of this or greater scale, this one has a guaranteed return through private utilization and guaranteed private significant cost share.

There were no other members of the public signed up for public comment.

Chairman Kooris made an additional call to the public. There was no additional public participation.

5. Executive Session pursuant to Sections 1-225(f), 1-200(6)(E) and 1-210(b)(24) of the General Statutes of Connecticut, for the purpose of discussing a Harbor Development Agreement (HDA) by and among the Connecticut Port Authority, Gateway New London LLC and North East Offshore, LLC, with respect to the New London State Pier.

David Kooris made the following Certification prior to entering Executive Session: "I certify that the public interest in the disclosure of the discussion of a Harbor Development Agreement, by and among the Authority, Gateway New London LLC and North East Offshore, LLC, with respect to the New London State Pier, is outweighed by the public interest in the confidentiality of same."

RESOLVED: That, pursuant to Sections 1-225(f), 1-200(6)(E) and 1-210(b)(24) of the General Statutes of Connecticut, by a two-thirds vote of the members of the Board present and voting, the Board of Directors hereby approves to enter into Executive Session for the purposes of discussing a Harbor Development Agreement, by and among the Connecticut Port Authority, Gateway New London LLC and North East Offshore, LLC, with respect to the New London State Pier.

Chairman Kooris stated that this executive session will provide a limited opportunity to ask questions exclusively around the negotiation that has taken place and ways in which our position has evolved in response to the position of our private partners.

A motion was made by Nancy DiNardo to enter into executive session and was seconded by John Johnson. Chairman Kooris invited Mr. Diamantis, Andrew Lavigne, Glenn Santoro, Adam Tamzoke and Joseph Salvatore to join. So voted unanimously. The Board came out of executive session at at 11:10am.

6. Executive Session pursuant to Sections 1-225(f) and 1-200(6)(D) of the General Statutes of Connecticut, for the purpose of discussing a Land and Trackage Agreement for Non-Hazardous Materials by and between the Connecticut Port Authority and New England Central Railroad, Inc. (NECR).

David Kooris made the following Certification prior to entering Executive Session: "I certify that the public interest in the disclosure of the discussion of a Land and Trackage Agreement for Non-Hazardous Materials by and between the Connecticut Port Authority and New England Central Railroad, Inc. (NECR), is outweighed by the public interest in the confidentiality of same."

RESOLVED: That, pursuant to Sections 1-225(f) and 1-200(6)(D) of the General Statutes of Connecticut, by a two-thirds vote of the members of the Board present and voting, the Board of Directors hereby approves to enter into Executive Session for the purposes of discussing a Land and Trackage Agreement for Non-Hazardous Materials by and between the Connecticut Port Authority and New England Central Railroad, Inc.

A motion was made by John Johnson to enter into executive session and was seconded by Grant Westerson. Chairman Kooris invited Mr. Diamantis, Andrew Lavigne, Glenn Santoro, Adam Tamzoke and Joseph Salvatore to join. So voted unanimously. Entered executive session at 11:11am. Returned from executive session at 11:20am.

7. Consideration and approval of various resolutions approving (i) the transfer of ownership of the New London State Pier from the Department of Transportation to the Connecticut Port Authority, (ii) the purchase of Title insurance relating to such transfer of ownership of the Site from DOT to the Authority, (iii) the NECR Trackage Agreement, (iv) the Escrow Agreement to be entered into in connection with the transactions contemplated by the Harbor Development Agreement, and (v) a Harbor Development Agreement and various transactions and documents in connection therewith.

Chairman Kooris explained that the many resolutions included in Item #7 would be broken down into two batches.

WHEREAS, the New London State Pier (the "State Pier") is owned by the State of Connecticut through the Department of Transportation ("DOT") with characteristics suitable for the staging of off-shore wind development; and

WHEREAS, the Connecticut Port Authority (the “Authority”) seeks to redevelop portions of the State Pier into a facility for use as an offshore wind turbine generator (“WTG”) staging area hub and enter into a long-term operations and lease agreement (the “Project”); and

WHEREAS, Gateway New London LLC (“Gateway”) is a party to that certain Concession Agreement with the Authority dated as of January 7, 2019 (the “Concession Agreement”) and desires to suspend its concessionaire operations to allow the redeveloped site to be used as an offshore WTG hub; and

WHEREAS, North East Offshore, LLC (“NEO”) is an off-shore wind developer willing to provide certain funding to support the Authority’s development and funding of the Project under the terms of a Harbor Development Agreement by and among the Authority, Gateway and NEO (the “HDA”); and

WHEREAS, the Authority, Gateway and NEO desire to enter into a lease and sublease agreement (the “Sublease Agreement”) pursuant to which the Authority shall lease the State Pier to Gateway and Gateway shall, in turn, sublease the State Pier to NEO and NEO will build and use the State Pier, as redeveloped for a wind turbine staging area, for a term of twelve (12) years with an option to extend for an additional five (5) years; and

WHEREAS, in connection with the Project, NEO and New England Central Railroad, Inc. (“NECR”) desire to enter into a Land and Trackage Agreement for Non-Hazardous Materials (the “Land and Trackage Agreement”), pursuant to which the Authority will lease land on the redeveloped site from NECR for a term of twelve (12) years with an option to extend for an additional five (5) years; and

WHEREAS, in connection with the Project, the Authority and NEO desire to enter in an Escrow Agreement (the “Escrow Agreement”) with Webster Bank, N.A. (“Escrow Agent”), to hold funds in escrow for the construction of the Project pursuant to the terms of the HDA; and

WHEREAS, in order to effectuate the Sublease Agreement and other transactions in connection with the Project, DOT must transfer ownership of the State Pier to the Authority and DOT shall retain and remain liable for all environmental conditions that exist on the State Pier on or prior to such transfer.

NOW THEREFORE, BE IT HEREBY

First batch of resolutions:

RESOLVED, that, pursuant to Connecticut General Statutes Section 15-31i(a), the Board of Directors of the Authority hereby determines that the Authority is ready to accept the transfer of ownership of the State Pier from DOT to the Authority, and hereby authorizes and directs each of the Chairperson, Vice Chairperson and Executive Director to advise DOT of the Authority’s readiness to accept such transfer of ownership prior to such transfer of ownership; and be it further

RESOLVED, that the Authority will enter into an agreement of transfer with DOT (“DOT Transfer Agreement”) whereby DOT shall retain liability for all environmental conditions that exist on the State Pier on and prior to the transfer of ownership of the State Pier from DOT to the Authority and the DOT Transfer Agreement is hereby approved, and each of the Chairperson, Vice Chairperson and Executive Director, be and hereby are individually authorized, empowered and directed, for and on behalf of the Authority, to negotiate, execute and deliver the DOT Transfer Agreement any and all reasonable and necessary documents in furtherance thereof, on such terms and provisions that each individually shall deem to be in the best interests of the Authority, and to take such reasonable and necessary actions as are reasonably required in furtherance thereof; and be it further

RESOLVED, that the Authority, in connection with the transfer of the State Pier from DOT to the Authority, is hereby authorized to purchase title insurance with respect to such transfer for the benefit of the Authority with a cost of approximately \$27,000, and each of the Chairperson, Vice Chairperson and Executive Director, be and hereby are individually authorized, empowered and directed, for and on behalf of the Authority, to purchase such title insurance for the State Pier and to execute any and all reasonable and necessary documents in furtherance thereof, on such terms and provisions that each individually shall deem to be in the best interests of the Authority, and to take such reasonable and necessary actions as are reasonably required in furtherance thereof; and be it further

RESOLVED, that each of the Chairperson, Vice Chairperson and Executive Director, be and hereby are individually authorized, empowered and directed, for and on behalf of the Authority, to enter into a side letter agreement with Neo and Gateway to evidence agreement that Neo shall reduce the amount of the DWW Funding Commitment otherwise due and owing to the Authority by Neo outside of and separate from the HDA by (i) payments made by Neo to Gateway for the existing Gateway wind down costs of up to \$2,500,000; and (ii) all payments made by Neo to Moffat & Nichols in respect of the design of the New London State Pier, all in the event that the HDA does not become Effective by its terms due to the lack of transfer by DOT of the Site to the Authority, and any and all other reasonable and necessary documents in furtherance thereof, on such terms and provisions that each individually shall deem to be in the best interests of the Authority, and to take such reasonable and necessary actions as are reasonably required in furtherance thereof.

A motion was made for those four resolutions by John Johnson and was seconded by Nancy DiNardo. Mr. Rolfe recused himself.

Chairman Kooris recapped the resolutions as they relate to earlier discussions: to include the property transfer, the environmental indemnification of the property, authorization to purchase title insurance, the side agreement to allow for the transfer of funds to Gateway for their winddown costs and the transfer of the Moffatt and Nichol design agreement.

Call for discussion. None.

So voted unanimously. [Mr. Rolfe recused.]

Second batch of resolutions:

RESOLVED, that each of the Chairperson, Vice Chairperson and Executive Director, be and hereby are individually authorized, empowered and directed, for and on behalf of the Authority, to negotiate, execute and deliver the Sublease Agreement in the form attached hereto as the Exhibit to Agenda Item #7, and any and all other reasonable and necessary documents in furtherance thereof, on such terms and provisions that each individually shall deem to be in the best interests of the Authority, and to take such reasonable and necessary actions as are reasonably required in furtherance thereof; and be it further

RESOLVED, that each of the Chairperson, Vice Chairperson and Executive Director, be and hereby are individually authorized, empowered and directed, for and on behalf of the Authority, to negotiate, execute and deliver the Land and Tracklease Agreement in the form attached hereto as the Exhibit to Agenda Item #7 and any and all other reasonable and necessary documents in furtherance thereof, on such terms and provisions that each individually shall deem to be in the best interests of the Authority, and to take such reasonable and necessary actions as are reasonably required in furtherance thereof; and be it further

RESOLVED, that each of the Chairperson, Vice Chairperson and Executive Director, be and hereby are individually authorized, empowered and directed, for and on behalf of the Authority, to negotiate, execute and deliver the Escrow Agreement in the form attached hereto as the Exhibit to Agenda Item #7 and any and all other reasonable and necessary documents in furtherance thereof, on such terms and provisions that each individually shall deem to be in the best interests of the Authority, and to take such reasonable and necessary actions as are reasonably required in furtherance thereof; and be it further

RESOLVED, that, pursuant to the resolutions provided and required by Escrow Agent for the establishment of an escrow account pursuant to the Escrow Agreement, which resolutions are attached hereto as the Exhibit to Agenda Item #7 (the "Escrow Account Resolutions"), the Escrow Account Resolutions are hereby adopted and approved, and each of the Chairperson, Vice Chairperson and Executive Director, be and hereby are individually authorized, empowered and directed, for and on behalf of the Authority, to take such reasonable and necessary actions as are reasonably required in furtherance thereof; and be it further

RESOLVED, that each of the Chairperson, Vice Chairperson and Executive Director, be and hereby are individually authorized, empowered and directed, for and on behalf of the Authority, to negotiate, execute and deliver the HDA in the form attached hereto as the Exhibit to Agenda Item #7, and any and all other reasonable and necessary documents in furtherance thereof, on such terms and provisions that each individually shall deem to be in the best interests of the Authority, and to take such reasonable and necessary actions as are reasonably required in furtherance thereof; and be it further

RESOLVED, that each of the Chairperson, Vice Chairperson and Executive Director, be and hereby are individually authorized, empowered and directed, for and on behalf of the Authority, to enter into, negotiate, execute and deliver any and all other agreements, instruments, documents and certificates, on such terms and provisions that each individually shall deem to be in the best interests of the Authority, and to take such reasonable and necessary actions as are reasonably required in furtherance of the transactions contemplated by the foregoing resolutions.

A motion was made for those four resolutions by Grant Westerson and was seconded by Nancy DiNardo.

Chairman Kooris recapped the resolutions as they relate to earlier discussion: to include the Sublease Sgreement between CPA, Land and Tracklease Agreement, Escrow Agreement and Resolutions (project funding does not site with the CPA, State or private partners – it is held in escrow, expenditures are monitored and metered in accordance with the agreement) and the Harbor Development Agreement.

Call for discussion. None.

So voted unanimously.

8. Call to the public

No public comment.

9. Adjournment

Motion to adjourn by John Johnson and seconded by Don Frost. Adjourned at 11:37am.