

Schacht & McElroy

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October 22, 2014

Luly Massaro, Clerk
Division of Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, RI 02888

Re: A & R Marine Corp. – Application to Division for Expedited Authorization Pursuant to R.I.G.L. § 39-3-15 *et seq.* to increase its existing \$1 million of debt with BankRI to \$1,475,000 – Docket No. D-14-__

Dear Luly:

As you know, this office represents A & R Marine Corp. (A & R). Enclosed are the original and five (5) copies of the following:

1. An Application of A & R for expedited Division authorization pursuant to R.I.G.L. § 39-3-15 *et seq.* to increase its existing \$1 million of debt with BankRI to \$1,475,000. The notarized Application has been signed by the President of A & R, Stephen Antaya.
2. The testimony of David Bebyn, CPA, in support of this Application. His testimony contains the information required by R.I.G.L. § 39-3-17 and Rule 14 of the Rules of Practice and Procedure of the Division.
3. A draft Notice of Hearing as required by Division Rule 14(d). Please review it and let me know if it is acceptable. Please also let me know if you want me to publish it, or if you would prefer to publish it yourself.

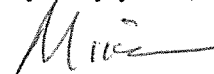
It would be appreciated if you could have this matter set for hearing as soon as possible. There were large cost overages associated with the dock construction and the vessel rehabilitation and the funds are needed quickly.

I am sending a copy of the Application, together with the supporting testimony, to Leo Wold, Esq. at the Attorney General's office.

Luly Massaro, Clerk
October 22, 2014
Page 2

If you have any questions, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc:tmg

cc: Leo Wold, Esq.
David Bebyn, CPA
Stephen Antaya

A & R Marine Corp/BankR1 Loan/Massaro3

Schacht & McElroy

STATE OF RHODE ISLAND
DIVISION OF PUBLIC UTILITIES AND CARRIERS

IN RE: A & R MARINE CORP. : DOCKET No. D-14 - ____

**APPLICATION FOR EXPEDITED AUTHORIZATION PURSUANT TO
R.I.G.L. § 39-3-15 ET SEQ. TO INCREASE A & R MARINE CORP.'S EXISTING
\$1 MILLION OF DEBT WITH BANKRI TO \$1,475,000**

NOW COMES A & R Marine Corp. (A & R), pursuant to R.I.G.L. § 39-3-15, § 39-3-17, and Rule 14 of the Rules of Practice and Procedure of the Division of Public Utilities and Carriers (Division), and requests expedited authorization to increase its existing \$1 million of debt with BankRI to \$1,475,000 on the terms and conditions set forth in the testimony of David Bebyn, CPA.

The information required by R.I.G.L. § 39-3-17 and Rule 14 of the Rules of Practice and Procedure is incorporated into the written testimony of David Bebyn, CPA.

WHEREFORE A & R respectfully requests that the Division approve the financing with BankRI on an expedited basis because there were large cost overruns associated with the dock construction and vessel acquisition and rehabilitation.

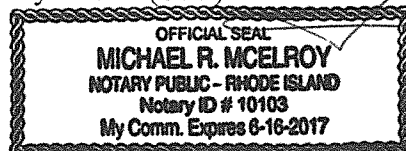
A & R Marine Corp.

By: 
Stephen Antaya
President

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

Sworn to, subscribed, and verified before me this 23rd day of October, 2014, by Stephen Antaya, President of A & R Marine Corp.


Notary Public (Seal)



**FINANCE TESTIMONY
of
DAVID G. BEBYN CPA**

**For
A&R MARINE CORP. b/d/a PRUDENCE & BAY ISLANDS TRANSPORT**

**Before
RHODE ISLAND DIVISION OF
PUBLIC UTILITIES AND CARRIERS**

Docket No. D-14-_____

October 2014

1 **Q. Will you please provide your full name and your employer for the record?**

2 A. Yes, my name is David George Bebyn CPA. I am the president of B&E Consulting LLC.

3

4 **Q. Mr. Bebyn, have you testified as an expert accounting witness prior to this docket?**

5 A. Yes. I have provided testimony on rate related matters before utility commissions in Rhode
6 Island and Connecticut. Regarding the Rhode Island Public Utilities Commission, I also

7 prepared testimony and testified in the Pawtucket Water Supply Board's (PWSB) last four rate

8 filings, Dockets #3378, #3497, #3674 & #3945, and the Providence Water Supply Board's rate

9 filing Docket #3832 in support of the adjusted test year. In addition to adjusted test year

10 testimony, I also prepared testimony in Interstate's general rate filing Docket #4373 in support of

11 the adjusted test year and rate design. I prepared testimony and testified on behalf of the

12 Woonsocket Water Department's last two rate filing Dockets #3800 and #4320 in support of

13 rate design. I have also prepared testimony on behalf of the Pascoag Utility District in Docket

14 #4341 in support of the Rate Year and rate design. I have also provided testimony in support of

15 A&R's application for Division approval to enter into \$1,000,000 of long-term debt filed in

16 Docket D-14-62.

17

18 **Q. Mr. Bebyn, what is the purpose of your testimony?**

19 A. As part of this testimony, I will provide some background information about A & R's need

20 to increase its \$1,000,000 of debt with BankRI to \$1,475,000. I will also provide the reasoning

21 behind A&R's selection of the financing terms for the \$1,475,000. Lastly, I will present the

22 information required by the Rules of the Division of Public Utilities and Carriers (Division), so

23 that the Division can review and evaluate the proposed financing package.

24

25 **Q. How will the proceeds of this borrowing be used?**

26 A. This increased debt is related primarily to cost overruns associated with A & R's dock

27 construction and vessel acquisition and rehabilitation.

1 **Q. Mr. Bebyn, what repayment terms are included in the BankRI loan modification**
2 **agreement?**

3 A. The term of the entire \$1,475,000 is extended from 10 years and 3 months from the date of
4 the loan to 15 years. There will be no balloon payment at the end of 15 years. The debt service
5 on the originally filed loan of \$1,000,000 was designed to include 3 payments of interest only,
6 followed by payments of interest on the disbursed principal balance, plus a fixed monthly
7 principal of \$8,330. This modification agreement changes the \$1,475,000 repayment to a fixed
8 monthly payment for the first 5 years of \$11,857.20, which includes both interest and principal.

9
10 **Q. Was the interest rate changed?**

11 A. No. There have been no changes with the modification agreement to interest rate other than
12 increasing the amortization term from 10 years to 15 years.

13
14 **Q. Can you recap what interest rate will be used?**

15 A. Yes. The interest rate on the note will fluctuate. The initial interest rate is 5.25% per year
16 which reflects the Prime rate in effect on the first business day of the month which the SBA
17 received the loan application, plus 2.00%. The interest rate will be adjusted every 60 months (the
18 “change period”). The Lender will adjust the interest rate each change period to reflect the
19 Prime Rate in effect on the first calendar day of the change period as published in the Wall Street
20 Journal plus 2.00%

21
22 **Q. Are there other material terms?**

23 A. Other material terms are as follows:

- 24
25 1. The collateral for the loan is a first preferred ship’s mortgage position on the vessel
26 recorded with the US Coast Guard named *Herbert C. Bonner* and the vessel recorded
27 with the US Coast Guard named *Chibachuweset*. The *Herbert C. Bonner* is a vessel held
28 by the regulated utility A&R Marine Corp. The *Chibachuweset* is a vessel held by the
29 unregulated company A&R Marine Construction, Inc.

30

1 Also, A&R has given the bank a security interest in its business assets, a collateral
2 assignment of its licenses, contracts and permits, and a conditional assignment of leases.

3
4 Lastly, the owners of A&R Marie Corp. Stephen and Donna Antaya have provided
5 personal guarantees on SBA Form 148.

- 6
7 2. There are no prepayment penalties for the loan. There are however late charges if the
8 payment on the note is more than 10 days late.

9
10 **Q. Have these terms changed with the modification agreement?**

11 A. No.

12
13 **Q. Are the terms of the increased borrowing in the best interest of A&R and its
14 ratepayers?**

15 A. Absolutely. A new dock and transfer bridge have been constructed on Prudence Island; the
16 transfer bridge in Bristol has been rehabilitated; and A & R has acquired the *Herbert C. Bonner*
17 as its primary vessel and the *Prudence Ferry* as its back-up vessel.

18
19 **Q. What is the current capital structure of the company?**

20 A. Schedule DGB-1 shows that as of August 1, 2014 the Company's total capitalization was
21 composed of 54.94 percent debt and 45.06 percent common equity. Prior to the \$475,000
22 increase, A&R had a loan of \$1,000,000 which was approved in Division Docket D-14-62.

23
24 **Q. What impact will the increase to a total of \$1,475,000 have on the capital structure of
25 A&R?**

26 A. Schedule DGB-1 shows that A&R's total capitalization will be composed of 64.27 percent
27 debt and 35.73 percent common equity.

28
29 **Q. Is there an impact of this financing on the debt/equity ratio or any of the other
30 information required by the Division's rules?**

31 A. Yes. As mentioned above, on August 1, 2014 A&R had total debt of \$1,000,000 to equity
32 of \$820,061. The addition of this increased borrowing in the amount of \$475,000 changes the

1 debt to equity ratio to about 1.80 to 1 with debt of \$1,475,000 and equity of \$820,061. Ideally
2 for most business a ratio of less than 1 to 1 is very good. Given that A&R is a capital intensive
3 utility and a new start-up, a 1.80 to 1 debt equity ratio is still good.
4

5 **Q. Will A&R require an increase in rates to pay the debt service on this new debt?**

6 A. Yes. However, the overall impact on rates is difficult to determine at this time. A&R's initial
7 tariff charged the same rates as the former Prudence Ferry, Inc. This was done because A&R did
8 not have test year expenses upon which to base rates. Since A&R only began operations about a
9 month ago they are still in the stage of gathering data to provide more accurate ridership and
10 proforma expenses.
11

12 **Q. Is there a need for expedited approval?**

13 A. Yes. The closing for the increase in the loan occurred on October 10, 2014 and is subject to
14 DPUC approval. Therefore, A&R respectfully requests that the Division give its approval as
15 soon as possible.
16

17 **Q. Have you attached BankRI loan modification agreement and related documents?**

18 A. Yes. They are attached as DGB-2.
19

20 **Q. Does that conclude your testimony?**

21 A. Yes.

Capital Structure
A&R Marine Corp

Schedule DGB-1

Proposed Capital Structure

	<u>As of August 1, 2014</u>		<u>Financing</u>	<u>After Financing</u>	
	<u>Balance</u>	<u>Ratio</u>		<u>Balance</u>	<u>Ratio</u>
Long-term Debt	\$ 1,000,000	54.94%	\$ 475,000	\$ 1,475,000	64.27%
Short-term Debt	-	0.00%	-	-	0.00%
Common Equity	820,061	45.06%	-	820,061	35.73%
Total Capital structure	<u>\$ 1,820,061</u>	<u>100.00%</u>	<u>\$ 475,000</u>	<u>\$ 2,295,061</u>	<u>100.00%</u>

Common Equity

Common Stock	-
Other Paid-in Capital	820,061
Treasury Stock	-
Equity (no gain or loss in interim year)	-
Total	<u>820,061</u>

BANKRI

One Turk's Head Place
Providence, RI 02903

LOAN MODIFICATION AGREEMENT

SBA LOAN #: 69136250-02
SBA LOAN NAME: A & R MARINE CORP.
BORROWER: A & R MARINE CORP.
A & R MARINE CONSTRUCTION, INC.
GUARANTORS: Stephen Antaya
Donna Antaya
DATE OF NOTE: August 5, 2014
AMOUNT OF NOTE: \$1,000,000.00

AGREEMENT effective October ^{10th}, 2014, by and between, BankRI, (hereinafter "Lender"), with a mailing address of One Turk's Head Place, Providence, RI 02903; A & R MARINE CORP. and A & R MARINE CONSTRUCTION, INC. (hereinafter collectively "Borrower") both with a mailing address of P.O. Box 1017, Bristol, RI 02809; and Stephen Antaya and Donna Antaya (hereinafter collectively "Guarantors").

WHEREAS, Lender is the holder of a certain Promissory Note dated August 5, 2014, given by Borrower in the original principal amount of One Million and no/100 Dollars (\$1,000,000.00) a copy of which is appended hereto and made a part hereof (the "Loan");

WHEREAS, said Promissory Note is secured in part by a Preferred Ship's Mortgage dated August 5, 2014 on the Vessel "HERBERT C. BONNER," Official Number: 527174 in the amount of US\$1,000,000.00 recorded on August 11, 2014 in Book 21853100, Page 4, at 1:50 p.m. at the U.S. Coast Guard, National Vessel Documentation Center; and

WHEREAS, said Promissory Note is further secured in part by a Preferred Ship's Mortgage dated August 5, 2014 on the Vessel "CHIBACHUWESET," Official Number: 1255785 in the amount of US\$1,000,000.00 recorded on September 8, 2014 in Book 22457700, Page 29, at 1:40 p.m. at the U.S. Coast Guard, National Vessel Documentation Center; and

WHEREAS, said Promissory Note is further secured in part by a Security Agreement and UCC-1 filed with the Rhode Island Secretary of State on August 5, 2014 at 3:36 p.m. as Filing Number: 201414148720; and

WHEREAS, Guarantors have guaranteed payment of said Promissory Note; and

WHEREAS Borrower and Guarantors have requested and the Lender (with express approval

from the SBA) has agreed to modify the Loan by increasing the principal balance thereof in accordance with the terms and conditions set forth herein;

NOW THEREFORE, Borrower, Guarantors and Lender, for themselves, their successors, executors, administrators heirs and assigns, in consideration of One (\$1.00) Dollar and other good and valuable consideration, including but not limited to the modification of the existing Promissory Note, the receipt and sufficiency of which are hereby acknowledged, the parties agree that the Promissory Note, the Preferred Ship's Mortgages, the Security Agreement, the UCC-1, the Guarantees and all other documents executed in connection therewith (the "Related Documents") (the Promissory Note, the Preferred Ship's Mortgages, the Security Agreement, the UCC-1, the Guarantees and the Related Documents hereinafter referred to collectively as the "Loan Documents"), shall be modified as follows:

1. PRINCIPAL BALANCE; MONTHLY PAYMENT AND MATURITY DATE.

- 1.01 Borrower and Lender have agreed that the principal sum borrowed under the Promissory Note shall be increased from One Million and no/100 Dollars (\$1,000,000.00) to One Million Four Hundred Seventy-Five Thousand and no/100 Dollars (\$1,475,000.00).
- 1.02 The principal sum shall be re-amortized as of the date hereof for the remaining term of the loan and the monthly payment amount shall be adjusted accordingly. As of the date hereof and starting with the December 5, 2014, payment, the monthly payment of principal and interest shall be in the amount of **\$11,857.20**. Each periodic installment of principal and interest hereunder following a change period (as defined in the Promissory Note) will be adjusted and recalculated by the Lender to equal that amount which, if paid successively, would pay this note in full based on a **fifteen (15) year** amortization (less the time elapsed from the date of the Note) with interest at the new rate determined as of the change period.
- 1.03 Borrower and Lender have agreed that the maturity date shall be extended from November 5, 2024 to November 5, 2029. The amortization term for principal and interest payments has been increased from ten (10) years to fifteen (15) years.

2. MODIFICATION OF THE PREFERRED SHIP'S MORTGAGES.

- 2.01. The Preferred Ship's Mortgages are amended so that all references in the Preferred Ship's Mortgages to the Note will mean the Note as modified herein.
- 2.02. The Preferred Ship's Mortgages are further amended and hereby modified in such a manner as to be consistent with all modifications and agreements herein contained.

3. MODIFICATION OF THE GUARANTEES.

- 3.01. The Guarantees are amended so that all references in the Guarantee to the Note will mean the Note as modified herein.
- 3.02. The Guarantees are amended and hereby modified in such a manner as to be consistent with all modifications and agreements herein contained.

4. MODIFICATION OF THE RELATED DOCUMENTS.

The Related Documents are hereby modified in such a manner as to be consistent with all modifications and agreements contained herein.

5. MISCELLANEOUS.

5.01. Borrower, in order to secure the additional obligations of Borrower and Guarantors provided for in this Agreement, does hereby reconfirm that it has granted and conveyed and hereby does again grant and convey to Lender, its successors and assigns, Preferred Ship's Mortgages in and to 100% of the vessels "Herbert C/ Bonner" and "Chibachuwet," in accordance with the Promissory Note, the Preferred Ship's Mortgages, and the Related Documents such that if such sums due thereunder be paid and all other obligations of Borrower under the Promissory Note and the Related Documents as modified by this Agreement shall be fully kept and performed, then, the Preferred Ship's Mortgages, as modified by this Agreement, shall be null and void; otherwise to remain in full force and effect.

5.02. Stephen Antaya and Donna Antaya in order to secure the additional obligations of the Borrower provided for in this Agreement, do hereby reconfirm to Lender, its successors and assigns, their obligations as set forth in the Guarantees executed by Stephen Antaya and Donna Antaya to have and to hold the same unto Lender, its successors and assigns, in accordance with the terms thereof.

5.03. Every other item, condition, representation and agreement contained in the Promissory Note, the Security Agreement, the Preferred Ship's Mortgages, the Guarantees and the Related Documents shall continue in full force and effect in all respects except only as modified herein, and, as so modified, are hereby restated, ratified and confirmed.

5.04. Borrower and Guarantors warrant and represent that they have no defenses, offsets, or counterclaims to the Promissory Note, the Preferred Ship's Mortgages, the Security Agreement, the Guarantees or the Related Documents, as modified herein, as of the date hereof. The Borrower, the Guarantors and their respective successors, heirs and assigns, do hereby forever release, discharge, and acquit Lender, together with its parent, subsidiaries, and affiliates, and the Lender's officers, directors, shareholders, agents, counsel, and employees, and their successors, heirs and assigns of and from any and all claims, demands, obligations, liabilities, indebtedness, breaches of contract, breaches of duty or any relationship, acts, omissions, malfeasance, cause or causes of action, costs, losses and expenses, of every type, kind, nature, description, or character and irrespective of how, why or by reason of what facts, whether heretofore or now existing, or which could, might, or may be claimed to exist, or whatever kind or name whether known or unknown, each as though fully set forth herein at length, which the Borrower or Guarantors ever had, now have, or which may result from, the existing or past state of things, from the beginning of the world to the date hereof, against or related in any way to the Lender, its officers and agents and which in any way arise out of, are connected with, and related to any condition or circumstances existing heretofore or as of the date hereof with respect to the Loan.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS OF BORROWER AND GUARANTORS

Borrower and Guarantors hereby represent and warrant that at the date of execution hereof that:

6.1 Authorization.

The execution, delivery and performance by Borrower and each of the Guarantors of this Agreement and the other documents, instruments and agreements referred to herein are within Borrower's and each Guarantor's powers, require no government approval and do not contravene any law or regulation or any contractual restriction applicable to or binding upon Borrower or any of the Guarantors.

6.2 Enforceability.

This Agreement and other documents referred to herein are the legal, valid and binding obligations of Borrower and each Guarantor enforceable against Borrower and each Guarantor in accordance with their respective terms except to the extent the same may be limited or otherwise affected by bankruptcy, insolvency, reorganization, arrangement, moratorium, or other similar laws generally affecting creditors' rights at the time in effect.

6.3 Ownership of Assets.

Borrower has good and marketable title to its assets, free and clear of any charges, claims, liens, trusts, security interests, encumbrances or other rights or interests of any person or entity other than Lender, except as disclosed in writing to the Lender and except as may be set forth in the title insurance policy issued as part of this transaction..

6.4 Condition of Premises and Insurance.

The assets of Borrower are insured against damages, destruction and loss pursuant to the insurance policies required by the Loan Documents; Borrower represents that said insurance policy is in effect through the date hereof.

6.5 Compliance with Regulations.

To the best of their knowledge, neither the Borrower nor any Guarantor is in violation of law, ordinance, statute, regulation, rule, court order, decree, franchise or governmental requirement.

6.6 Undisclosed Problems.

There are no undisclosed problems, including latent defects or threatened or pending litigation proceedings or actions of which Borrower or any Guarantor has knowledge which could in any way adversely affect any of the Borrower and/or any Guarantor.

6.7 Voluntary Agreement.

Borrower and each Guarantor is represented by legal counsel of its choice, or has been given the opportunity to be represented by legal counsel of its choice, is fully aware of the terms contained in this Agreement and has voluntarily and without coercion or duress of any kind entered into this Agreement and the documents executed in connection with this Agreement.

6.8 Survival of Warranties and Representations.

The continued validity in all respects of all representations and warranties made by Borrower and each Guarantor in this Agreement, and all other documents delivered by the Borrower and the Guarantors in connection with this Agreement will be a condition precedent to Lender's obligations created by this Agreement. All representations and warranties made by the Borrower and the Guarantors contained in this Agreement and in all documents delivered by the Borrower and the Guarantors in connection with this Agreement, unless otherwise provided or specifically waived, will be deemed remade as of the date hereof and will survive the Closing Date. Borrower and the Guarantors agree to indemnify and hold Lender free and harmless from and against any losses, damages, costs or expenses (including reasonable attorneys' fees) incurred by Lender as a direct or indirect breach of any representation or warranty of Borrower or any of the Guarantors herein contained or any breach or default by Borrower or any of the Guarantors under any of the covenants or agreements contained herein.

6.9 Waiver of Defense:

All Loan Documents shall remain unmodified and in full force and effect except as expressly modified herein. Borrower and the Guarantors hereby confirm each and every waiver contained in the Loan Documents. Nothing contained herein shall reduce the duties, obligations and/or liabilities of the Borrower or the Guarantors under the loan documents. Without limiting the generality of the foregoing, Borrower and Guarantors shall not be entitled to assert the provisions of this Agreement as a defense to the acceleration of the indebtedness evidenced by the Loan Documents, or to the commencement of foreclosure proceedings or the exercise of any other remedy under such loan documents by Lender.

7. TIME.

Time is of the essence with respect of this Agreement and each provision of this Agreement.

8. NOTICES.

Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement will be deemed to have been given when delivered personally to the party designated to receive such notice or, on the third (3rd) business day after the same is sent certified mail, postage prepaid, or on the first (1st) business day after the same is sent by a recognized national overnight delivery company such as Federal Express, postage and charges prepaid, directed to the following addresses or to such other or additional addresses as any party might designate by written notice to the other parties.

To Lender:

One Turk's Head Place
Providence, RI 02903
Attn: Loan Administration

With a copy to:

Christopher P. Rhodes, Esq.
Harrington & Rhodes, Ltd.
2750 South County Trail
East Greenwich, RI 02818

To Borrower and Guarantors:

P.O. Box 1017
Bristol, RI 02809

With a copy to:

Mike McElroy, Esq.
Schacht & McElroy
P.O. Box 6721
Providence, RI 02940-6721

9. ENTIRE AGREEMENT.

This instrument constitutes the entire and final agreement between the parties and there are no agreements, understandings, warranties or representations among the parties except as set forth herein.

10. BINDING EFFECT.

This Agreement will inure to the benefit of and bind the respective heirs, personal representatives, successors and permitted assigns of the parties hereto.

11. NEGATION OF PARTNERSHIP.

The relationship between the Borrower, the Guarantors and the Lender is that of debtor and creditor. Nothing contained in this Agreement will be deemed to create a partnership or joint venture between Lender and the Borrower or between Lender and the Guarantors or any other party, or, except as set forth herein, cause Lender to be liable or responsible in any way for the actions, liabilities, debts or obligations of the Borrower, the Guarantors or any other party.

12. SEVERABILITY.

The invalidity or unenforceability of any provisions(s) herein which do not materially affect the material benefits expected to be realized by the parties through the consummation of the transaction contemplated hereby shall not render any other provision invalid or unenforceable.

13. HEADINGS.

Paragraph or other headings contained in this Agreement are for reference purposes only and are not intended to affect in any way the meaning or interpretation of this Agreement.

14. COUNTERPART EXECUTION.

This Agreement may be executed in counterparts, each of which will be deemed an original document, but all of which will constitute a single document. This document will not be binding on or constitute evidence of a contract between the parties until such time as a counterpart of this document has been executed by each party and a copy thereof delivered to each other party to this Agreement.

15. GOVERNING LAW.

This Agreement will be interpreted and construed under the internal laws of the State of Rhode Island, regardless of the domicile of any party and will be deemed for such purposes to have been made, executed and performed in East Greenwich, Rhode Island. All claims, disputes and other

matters in question arising out of or relating to this Agreement, or the breach thereof, will be decided by proceedings instituted and litigated in any court of competent jurisdiction in the State of Rhode Island.

16. COOPERATION.

Prior to and at all times following the execution of this Agreement, the Borrower, the Guarantors and Lender agree to execute and deliver, or to cause to be executed and delivered, such documents and to do, or cause to be done such other acts and things as might reasonably be requested by the Lender to assure that the benefits of this Agreement are realized by the parties.

17. AMENDMENT.

Neither this Agreement nor any of the provisions hereof can be changed, waived, discharged or terminated, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

18. ACKNOWLEDGMENTS

By signing this Agreement Borrower and each of the Guarantors hereby acknowledge that they have been represented by competent counsel in connection with this transaction or have been given the opportunity to seek legal counsel regarding the same and have been fully advised by such counsel of the full range of rights and obligations possessed by the foregoing and undertaken or received pursuant to the terms of this Agreement and, specifically, the provisions of this section of this Agreement. Borrower and each of the Guarantors hereby knowingly and, with advice of counsel acknowledge and agree that it they do not now have nor do they know of any basis for any claim in tort, contract or otherwise against Lender, its officers, directors, agents or employees (collectively "Lender Parties") for breach of any of the terms of any of the loan documents or which may arise out of the relationship between Borrower, the Guarantors and any of the Lender Parties in connection with the loan documents, this Agreement or any of the documents and delivered pursuant to this Agreement. Borrower and Guarantors acknowledge and agree that this Agreement was negotiated, executed and delivered freely and with full and informed knowledge of the consequences of this Agreement and that Borrower and Guarantors have executed this Agreement without duress and that Lender has proceeded in a reasonable manner in light of all of the facts and circumstances surrounding the transaction which are the subject of this Agreement. In confirmation of the foregoing, Borrower and Guarantors hereby absolutely and unconditionally release and discharge the Lender Parties from any and all claims, causes of action, losses, damages or expenses related to the Loan or any of the documents or instruments to be executed and delivered hereunder which any of the foregoing has or may have against the Lender Parties as of the date of the execution of this Agreement which period includes the execution and delivery of this Agreement and the documents and instruments to be executed and delivered pursuant hereto.

19. RATIFICATION OF TERMS

Except as modified by this Agreement, all terms, provisions and conditions of said Promissory Note, the Preferred Ship's Mortgages, the Security Agreement, the Guarantees and the Related Documents shall remain in full force and effect in all respects except only as modified herein, and, as so modified, are hereby restated, ratified and confirmed; and the failure of Borrower or Guarantors to make any payment or comply with any other provision of this Agreement or of said Promissory Note as modified hereby, shall constitute a breach of condition for which the unpaid balance of the Promissory Note debt shall, at the sole option of Lender or its assigns, become due

and payable forthwith, and may be enforced or recovered together with the interest and other lawful charges as provided by law.

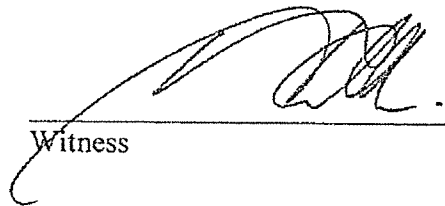
20. CERTIFICATION OF AUTHORITY

Borrower and Guarantors represent to Lender that they have all requisite authority and have properly taken all necessary action to authorize the execution, delivery, and performance of this Agreement for Modification of Terms of Promissory Note.

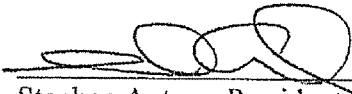
THE UNDERSIGNED WAIVE TRIAL BY JURY AND WAIVE ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER AND CONSENT TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY THE COURT.

Dated at East Greenwich, Rhode Island this 10th day of October, 2014.

BORROWER:
A & R MARINE CORP.

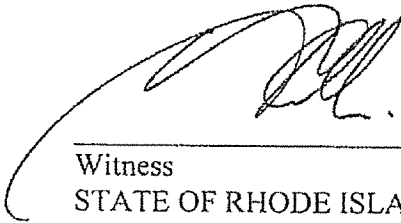


Witness


BY: 

Stephen Antaya, President

BORROWER:
A & R MARINE CONSTRUCTION, INC.



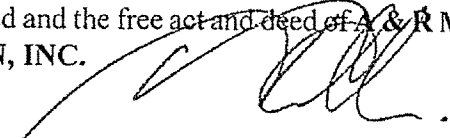
Witness
STATE OF RHODE ISLAND
COUNTY OF KENT, ss

BY: 

Stephen Antaya, President

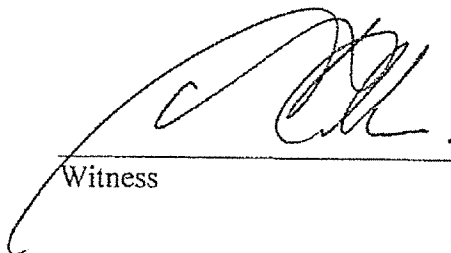
On this 10th day of October, 2014, before me, the undersigned notary public, personally appeared **Stephen Antaya**, and proved to me through satisfactory evidence of identification which was his driver's license, to be the party whose name is signed on this page in his capacity aforesaid, and acknowledged to me that he signed it voluntarily for its stated purpose and he acknowledged said instrument by him executed to be his free act and deed and the free act and deed of **A & R MARINE CORP.** and **A & R MARINE CONSTRUCTION, INC.**

Before me,




Notary Public: Christopher P. Rhodes
My Commission expires: 05/29/2018


GUARANTORS:



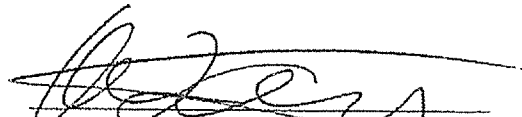
Witness



Stephen Antaya, individually



Witness

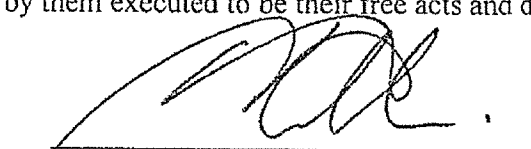


Donna Antaya, individually

STATE OF RHODE ISLAND
COUNTY OF KENT, ss

On this 10th day of October, 2014, before me, the undersigned notary public, personally appeared **Stephen Antaya** and **Donna Antaya**, and proved to me through satisfactory evidence of identification which was their driver's licenses, to be the parties whose name are signed on this page in their capacity aforesaid, and acknowledged to me that they signed it voluntarily for its stated purpose and they acknowledged said instrument by them executed to be their free acts and deeds .

Before me,

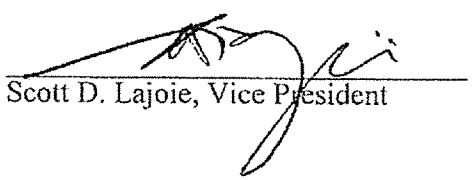


Notary Public: Christopher P. Rhodes
My Commission expires: 05/29/2018

LENDER:
BankRI



Witness

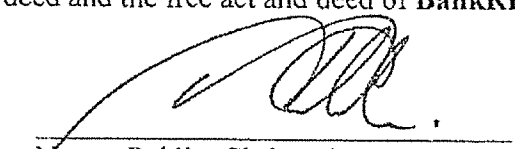
BY: 

Scott D. Lajoie, Vice President

STATE OF RHODE ISLAND
COUNTY OF KENT, ss

On this 10th day of October, 2014 before me, the undersigned notary public, personally appeared **Scott D. Lajoie** and proved to me through satisfactory evidence of identification which was his driver's license, to be the party whose name is signed on this page in his capacity aforesaid, and acknowledged to me that he signed it voluntarily for its stated purpose and he acknowledged said instrument by him executed to be his free act and deed and the free act and deed of **BankRI**.

Before me,



Notary Public: Christopher P. Rhodes
My Commission expires: 05/29/2018

AMENDMENT TO PREFERRED SHIP'S MORTGAGE

Vessel Name: HERBERT C. BONNER
Official Number: 527174

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is mutually agreed that the Preferred Ship's Mortgage dated August 5, 2014 on the above vessel in the amount of US\$1,000,000.00 recorded on August 11, 2014 in Book 21853100, Page 4, at 1:50 p.m. ("Mortgage") at the U.S. Coast Guard, National Vessel Documentation Center ("NVDC"), which Mortgage was given by A & R MARINE CORP., a corporation organized and existing pursuant to the laws of the State of Rhode Island, with a principal place of business at P.O. Box 1017, Bristol, Rhode Island 02809 ("Owner"), in favor of BANKRI, a Rhode Island banking corporation, with a principal place of business at 1 Turks Head Place, 16th Floor, Providence, Rhode Island 02903 ("Mortgagee") is hereby amended as follows:

Page One, Formal Recitals: the discharge amount of the Mortgage is changed from \$1,000,000.00 to \$1,475,000.00;

Page Seven, Article V: the discharge amount of the Mortgage is changed from \$1,000,000.00 to \$1,475,000.00.

Except as modified and amended hereby, all terms and provisions of the Preferred Ship's Mortgage shall remain in full force and effect.

Owner:
A & R MARINE CORP.

[Handwritten signature]
Witness

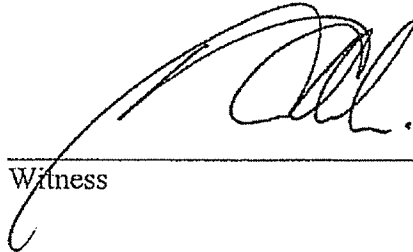
By: [Handwritten signature]
Stephen Antaya, President

STATE OF RHODE ISLAND
COUNTY OF KENT, ss


On this 10th day of October, 2014, before me, the undersigned notary public, personally appeared Stephen Antaya, and proved to me through satisfactory evidence of identification which was his driver's license, to be the party whose name is signed on this page in his capacity aforesaid, and acknowledged to me that he signed it voluntarily for its stated purpose and he acknowledged said instrument by him executed to be his free act and deed and the free acts and deeds of A & R MARINE CORP.

[Handwritten signature]
Notary Public: Christopher P. Rhodes
My Commission expires: 05/29/2018

Mortgagee:
BANKRI



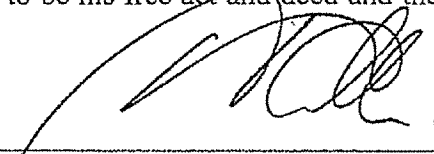
Witness

By: 

Scott D. Lajoie, Vice President

STATE OF RHODE ISLAND
COUNTY OF KENT, ss

On this 10th day of October, 2014, before me, the undersigned notary public, personally appeared **Scott D. Lajoie**, and proved to me through satisfactory evidence of identification which was his driver's license, to be the party whose name is signed on this page in his capacity aforesaid, and acknowledged to me that he signed it voluntarily for its stated purpose and he acknowledged said instrument by him executed to be his free act and deed and the free acts and deeds of **BANKRI**.



Notary Public: Christopher P. Rhodes
My Commission expires: 05/29/2018

AMENDMENT TO PREFERRED SHIP'S MORTGAGE

Vessel Name: CHIBACHUWESET
Official Number: 1255785

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is mutually agreed that the Preferred Ship's Mortgage dated August 5, 2014 on the above vessel in the amount of US\$1,000,000.00 recorded on September 8, 2014 in Book 22457700, Page 29, at 1:40 p.m. ("Mortgage") at the U.S. Coast Guard, National Vessel Documentation Center ("NVDC"), which Mortgage was given by A & R MARINE CONSTRUCTION, INC., a corporation organized and existing pursuant to the laws of the State of Rhode Island, with a principal place of business at P.O. Box 1017, Bristol, Rhode Island 02809 ("Owner"), in favor of BANKRI, a Rhode Island banking corporation, with a principal place of business at 1 Turks Head Place, 16th Floor, Providence, Rhode Island 02903 ("Mortgagee") is hereby amended as follows:

Page One, Formal Recitals: the discharge amount of the Mortgage is changed from \$1,000,000.00 to \$1,475,000.00;

Page Seven, Article V: the discharge amount of the Mortgage is changed from \$1,000,000.00 to \$1,475,000.00.

Except as modified and amended hereby, all terms and provisions of the Preferred Ship's Mortgage shall remain in full force and effect.

[Handwritten signature]
Witness

Owner:
A & R Marine Construction, Inc.

By: [Handwritten signature]
Stephen Antaya, President

STATE OF RHODE ISLAND
COUNTY OF KENT, ss

On this 10th day of October, 2014, before me, the undersigned notary public, personally appeared Stephen Antaya, and proved to me through satisfactory evidence of identification which was his driver's license, to be the party whose name is signed on this page in his capacity aforesaid, and acknowledged to me that he signed it voluntarily for its stated purpose and he acknowledged said instrument by him executed to be his free act and deed and the free acts and deeds of A & R Marine Construction, Inc.

[Handwritten signature]
Notary Public: Christopher P. Rhodes
My Commission expires: 05/29/2018

Mortgagee:
BANKRI




Witness

By: 

Scott D. Lajoie, Vice President

STATE OF RHODE ISLAND
COUNTY OF KENT, ss

On this 10th day of October, 2014, before me, the undersigned notary public, personally appeared **Scott D. Lajoie**, and proved to me through satisfactory evidence of identification which was his driver's license, to be the party whose name is signed on this page in his capacity aforesaid, and acknowledged to me that he signed it voluntarily for its stated purpose and he acknowledged said instrument by him executed to be his free act and deed and the free acts and deeds of **BANKRI**.



Notary Public: Christopher P. Rhodes
My Commission expires: 05/29/2018

SPECIAL MEETING OF DIRECTORS

OF

A & R MARINE CORP.

A special meeting of the Directors of A & R Marine Corp. was held on October 9, 2014, pursuant to a Waiver of Notice.


A quorum was established.

Upon motion duly made, it was unanimously:

VOTED:

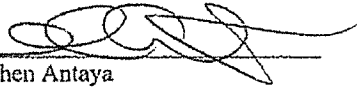
That President Stephen Antaya is hereby authorized to execute any and all documents necessary or desirable to increase the existing \$1,000,000 loan from BankRI to \$1,475,000 for the Prudence Island dock, the Bristol dock, acquisition of vessels and equipment, and/or working capital or other purposes approved by the President, and providing BankRI with liens on the assets of the Company to secure the increased amount of the loan, as required by BankRI.

There being no further business to come before the meeting, the same was by unanimous vote, ADJOURNED.


Stephen Antaya
President

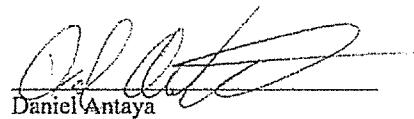
WAIVER OF NOTICE
OF
SPECIAL MEETING OF DIRECTORS
OF
A & R MARINE CORP.

The undersigned, being the duly elected Directors of A & R Marine Corp., hereby waive Notice of the time, place, and date of a special meeting of Directors and hereby fix October 9, 2014, at 11:00 a.m. as the time for said meeting, and consent that any and all matters affecting the interests of this Corporation may be considered at said Meeting, including increasing the existing \$1,000,000 loan from BankRI to \$1,475,000 for the Prudence Island dock, the Bristol dock, acquisition of vessels and equipment, and/or working capital or other purposes approved by the President, and providing BankRI with liens on the assets of the Company to secure the increased amount of the loan, as required by BankRI.



Stephen Antaya

Ethan Rossi



Daniel Antaya

Matthew Rossi

John Doherty

WAIVER OF NOTICE
OF
SPECIAL MEETING OF DIRECTORS
OF
A & R MARINE CORP.

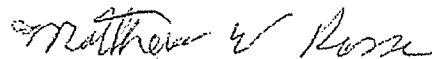
The undersigned, being the duly elected Directors of A & R Marine Corp., hereby waive Notice of the time, place, and date of a special meeting of Directors and hereby fix October 9, 2014, at 11:00 a.m. as the time for said meeting, and consent that any and all matters affecting the interests of this Corporation may be considered at said Meeting, including increasing the existing \$1,000,000 loan from BankRI to \$1,475,000 for the Prudence Island dock, the Bristol dock, acquisition of vessels and equipment, and/or working capital or other purposes approved by the President, and providing BankRI with liens on the assets of the Company to secure the increased amount of the loan, as required by BankRI.

Stephen Antaya



Ethan Rossi

Daniel Antaya



Matthew Rossi

John Doherty

WAIVER OF NOTICE
OF
SPECIAL MEETING OF DIRECTORS
OF
A & R MARINE CORP.

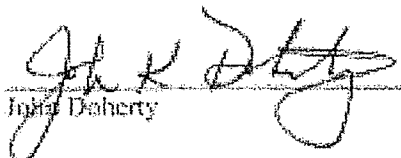
The undersigned, being the duly elected Directors of A & R Marine Corp., hereby waive Notice of the time, place, and date of a special meeting of Directors and hereby fix October 9, 2014, at 11:00 a.m. as the time for said meeting, and consent that any and all matters affecting the interests of this Corporation may be considered at said Meeting, including increasing the existing \$1,000,000 loan from BankRI to \$1,475,000 for the Prudence Island dock, the Bristol dock, acquisition of vessels and equipment, and/or working capital or other purposes approved by the President, and providing BankRI with liens on the assets of the Company to secure the increased amount of the loan, as required by BankRI.

Stephen Antaya

Ethan Rossi

Daniel Antaya

Matthew Rossi



John Doherty

SPECIAL MEETING OF SOLE STOCKHOLDER

OF

A & R MARINE CONSTRUCTION, INC.

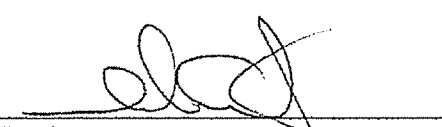
A special meeting of the sole stockholder of A & R Marine Construction, Inc. was held on October 9, 2014, pursuant to a Waiver of Notice.

The sole stockholder was present.

Upon motion duly made, it was unanimously:

VOTED:

To increase the existing \$1,000,000 loan from BankRI to **\$1,475,000** for the Prudence Island dock, the Bristol dock, acquisition of vessels and equipment, and/or working capital or other purposes approved by the President, and providing BankRI with liens on the assets of the Company to secure the increased amount of the loan, as required by BankRI



Stephen Antaya
President

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DIVISION OF PUBLIC UTILITIES AND CARRIERS

IN RE: A & R MARINE CORPORATION :
APPLICATION FOR AUTHORITY : DOCKET No. D-14-__
TO INCUR DEBT :

NOTICE OF FILING AND PUBLIC HEARING

Pursuant to the provisions of R.I.G.L. §§ 39-1-1 and 39-3-15, the Division of Public Utilities and Carriers (Division) will conduct a public hearing on _____, 2014 at 10:00 a.m. in Hearing Room A at the Division's office located at 89 Jefferson Boulevard, Warwick, RI 02888.

At this hearing, the Division will consider an Application by the A & R Marine Corporation (A & R) seeking expedited consent and authorization to increase its existing \$1 million debt with BankRI to \$1,475,000. The proceeds from the increase will be used to fund A & R's dock improvements, equipment purchases, and working capital infusion.

The application is on file and may be examined at the Division's office. Reference is made to Chapters 39-1, 39-3, and 42-35 of the Rhode Island General Laws.

The Division of Public Utilities and Carriers is accessible to the handicapped. Individuals requesting interpreter services for the hearing impaired must notify the Clerk's Office at 780-2107, seventy-two hours in advance of hearing date.

Thomas F. Ahern, Administrator

_____, 2014