

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

PUBLIC SESSION MINUTES

January 22, 2007

A meeting of the Board of Directors of the Quonset Development Corporation (the "Corporation") was held at 5:00 p.m. on Monday, January 22, 2007, at the offices of the Corporation located at 30 Enterprise Drive, 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 Bylaws of the Corporation and applicable Rhode Island law.

The following Directors constituting a quorum were present and participated throughout the meeting as indicated: Steven Campo, Robert Crowley, Kas R. DeCarvalho, Thomas Hazlehurst, Barbara Jackson, Saul Kaplan, John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson. Absent: David A. Doern. Also present were: W. Geoffrey Grout, Managing Director, E. Jerome Batty, Secretary, members of the Corporation's staff and members of the public.

1. CALL TO ORDER

The meeting was called to order at 5:05 p.m. by Chairman Kaplan.

2. APPROVAL OF MINUTES

Ms. Jackson noted that the explanation she received from New Boston Development Partners LLC regarding the proposed office space in Quonset in Phase 2 of the Gateway Project needed to be further clarified. Ms. Jackson indicated that New Boston Development Partners LLC ("New Boston") stated that office space is a priority in Phase 2 and that the retail was important first to draw in the office space users. The minutes should be revised to reflect New Boston's response.

Mr. Patterson requested that the referral to the Community Advisory Committee be clarified by referencing Quonset's legislation regarding this Committee. Mr. Patterson also stated that the reference later in the minutes regarding sending the Gateway Project to the Community Advisory Committee as discretionary was confusing and should be removed.

Upon motion duly made by Mr. Crowley and seconded by Mr. DeCarvalho, the Board:

VOTED: To approve the minutes of the Public Session meeting of December 22, 2006, as amended.

Voting in favor were: Steven Campo, Robert Crowley, Kas R. DeCarvalho, Thomas Hazlehurst, Barbara Jackson, John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson.

Voting against were: None.

Unanimously approved.

3. **MANAGING DIRECTOR'S REPORT**

Mr. Grout advised the Board that the Quonset Business Park title was approved as a trademark.

Mr. Grout informed the Board that the Town of North Kingstown Town Council, the Community Advisory Committee and Statewide Planning had received the Gateway proposal on December 22, 2006 and that comments were due back the first week in February from all parties.

Ms. Jackson and Mr. Rebecchi asked if the approval of the Gateway Project would be on the February Board agenda. Mr. Kaplan indicated that he would need to see the output presented by the Community Advisory Committee and the Town of North Kingstown Town Council before committing to putting this on the Board agenda. Mr. Kaplan noted that the information needed to be carefully reviewed and absorbed before an agenda item was introduced. Mr. Kaplan noted that until he sees the output he cannot make the decision for the February Board meeting.

Mr. Rebecchi stated that he believed QDC had a responsibility to New Boston for getting this item on the agenda for February.

Mr. Kaplan stated that he and the staff would work expeditiously to review the information presented by the parties, but that without knowing the magnitude of the responses, it was too soon to determine if the issue would be ready for the agenda.

Mr. Crowley questioned whether or not it was possible to reschedule the February 12, 2007, Board meeting to a later date in February to give more time to review the information.

Ms. Jackson questioned whether or not the deposit was lost if the item was not on the February Board agenda.

Mr. Crowley noted that he believed the timing issue had to do with when Lowe's and Kohl's would have a groundbreaking which he believed was only a couple of times per year.

Mr. Kaplan clarified that he was not suggesting that the issue would not be on the February Board agenda but wanted staff and the Board to have sufficient time to review and digest before the Board meeting. Mr. Kaplan noted that if he believed more time was needed, the Board would be notified.

Mr. Batty clarified that if the item is not on the agenda in February, there was not a trigger that forfeited the deposit. Mr. Batty noted that New Boston has provided a letter regarding which property would be taken down and they have a certain time frame to sign the lease and February would not trigger a forfeiture of the deposit.

Mr. Patterson indicated that the Town's response would be received within 45 days. Mr. Patterson indicated that the response would be discussed in executive session that evening, the response would be formulated in a public session on January 29, 2007, and the results would then be conveyed to QDC shortly thereafter.

4. APPROVAL REQUESTS

A. Sale to B&B Realty, Gill Service, Inc. and Ocean State Testing, Inc.:

Mr. King discussed the background on the three sale transactions presented to the Board for approval. Mr. King noted that these businesses lease space from the RI Army National Guard who in turn leases space from the RI Airport Corporation. Mr. King indicated that the RI Army National Guard was looking to upgrade their maintenance facilities but that the current leasehold space was insufficient. Mr. King noted that the RI Department of Transportation will acquire 9 acres of space on Airport Street on behalf of the RI Army National Guard for this upgrade. Mr. King noted that unfortunately, this expansion requires the condemnation of five businesses that were in the Park.

Mr. King further noted that QDC has worked with these businesses, some of which had been in the Park for many years, to help these establishments stay in the Park. Mr. King explained that the three sales transactions before the Board were tenants that wish to stay within the Park. Mr. King noted that QDC is proposing to subdivide the property in question to three 1.5 acre parcels in the area between Dillabur Avenue and Conway Avenue with frontage on Roger Williams Way. Mr. King noted that each sale was offered at \$125,000 per acre, for a total of \$187,000 for each sale, which is a reduction in terms of the usual pricing structure. All businesses being relocated were offered the same terms. Mr. King informed the Board that there was a financing structure offered to these purchasers because the money these businesses will receive from the condemnation of their properties will not afford sufficient funds to purchase the land and build a new building. Mr. King noted that none of the parties has accepted the financing to date and the terms of the financing are set forth in the Request for Board Authorization.

Mr. Crowley asked if the financing offer was for the land only and Mr. King clarified affirmatively that the financing did not include the building.

Mr. King also informed the Board that QDC was requesting that these three sales transactions be referred to the North Kingstown Community Advisory Committee regarding the underlying zoning of 80,000 square feet which is not met with these transactions. Mr. King stated that he has had conversations with the North Kingstown Town Planner regarding this issue and that the North Kingstown Community Advisory Committee is requested to provide input so these sales can be recorded as legal non-conforming at the time of sale to save the purchasers any issues with the lot recording agreement at a later date.

Mr. Rebecchi asked who maintained the roads and who provided water and sewer to these tenants. Mr. King indicated that Roger Williams Way was a State maintained road, Conway Avenue is maintained by QDC based on the old municipal services agreement and that Dillabur Avenue is cut in half by Electric Boat and is maintained by QDC.

Mr. Kaplan asked for further clarification on the precedent for the financing offer and QDC holding a mortgage and the rationale behind these terms. Mr. Kaplan also asked if these terms had been discussed with these purchasers.

Mr. King stated that because these businesses would be short funds from the condemnation of their old building compared to the money needed to buy land and build their new building, QDC was offering these businesses short-term financial assistance. Mr. King stated that none of the purchasers had approached QDC regarding the proposed financing.

Ms. Jackson asked if it were possible for these purchasers to hold the land and sell it for a higher price at a later date. Mr. King responded that the purchasers could not hold and sell.

Mr. DeCarvalho asked if there were any precedent that had been set with regard to the financing. Mr. King noted that financing terms were provided to Hexagon, which is in essence an installment sale and the daycare as well as a couple of tenants in Commerce Park, who lease their land for a period of time with a \$1 buyout.

Mr. Crowley asked if QDC would agree to subordinating the loan and Mr. King stated that this would not be part of the financing terms.

Mr. Crowley then stated that the financing may be a moot point because a bank may not finance the money for the building under these terms.

Mr. Rebecchi noted for the record that he would give his approval of these sale transactions only due to the circumstance that the businesses had been displaced and that this does not change the opinion of the Strategic Planning Committee and the concern about sale versus lease of the Quonset land.

Mr. Simpson noted that B&B Realty was purchasing the acreage as opposed to Annex Plating which is the name of the business currently operating in the Park. Mr. Simpson also noted that Annex Plating was going from the current 5,000 square foot footprint to a 20,000 square foot footprint. Mr. King noted that Annex Plating was currently on .7 acres and would move to 1.5 acres and would occupy 5,000 square feet of the building and lease the remaining space.

Mr. Patterson asked where CCRI moved. Mr. King noted that he did not know what was happening with CCRI and the last he heard they were looking to rent a building, not construct a new one. Mr. King noted that unfortunately, QDC did not have any suitable space for CCRI. Mr. King also noted that the fifth business that was displaced was Unetix in a building owned by D. S. Nelson that will move to Commerce Park.

Ms. Jackson noted that Pease Airforce Base indicated that a training facility like CCRI was a very important asset to their business park and requested that the staff work to get CCRI back to the Quonset Business Park.

Upon motion duly made by Ms. Jackson and seconded by Mr. Crowley, the Board:

VOTED: That the Corporation acting by and through its Chairman, Vice-Chair, Managing Director, or Finance Director, each of them acting singularly the "Authorized Officers" is hereby authorized to enter into, execute and deliver a Purchase and Sale Agreement and other agreements related thereto with B & B Realty, which will include financing for the purchase of the property in an amount equal to 80% of the land value for a term of ten years with a fixed interest rate equal to the then 10 year treasury note rate plus 150 basis points with payments based on a twenty-five year amortization schedule substantially, in accordance with the Request for Authorization presented to the Board (the Purchase and Sale Agreement and related documents are referred to herein collectively as the "Agreement"). The financing will be secured by an unsubordinated first mortgage on the property.

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 such Agreement or as any of the Authorized Officers acting singularly or alone shall deem necessary,

desirable and without further specific action by this Board, and on behalf of the Corporation, such Authorized Officers are hereby authorized, 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 Agreement and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreement, including any and all deeds, agreements, contracts, certificates, licenses, assignments, and financing documents 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 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, 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.

VOTED: The forgoing authorization to sell the property to B&B Realty is subject to any approvals as may be required under the Quonset/Davisville Lot Recording Agreement or applicable provisions of the Economic Development Corporation Act and the Quonset Development Corporation Act, including without limitation, referral to the Community Advisory Committee if appropriate.

Voting in favor were: Steven Campo, Robert Crowley, Kas R. DeCarvalho, Thomas Hazlehurst, Barbara Jackson, John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson.

Voting against was: None.

Unanimously approved.

Upon motion duly made by Mr. Simpson and seconded by Ms. Jackson, the Board:

VOTED: That the Corporation acting by and through its Chairman, Vice-Chair, Managing Director, or Finance Director, each of them acting singularly the "Authorized Officers" is hereby authorized to enter into, execute and deliver a Purchase and Sale Agreement and other agreements related thereto with Gill Service, Inc., which will include financing for the purchase of the property in an amount equal to 80% of the land value for a term of ten years with a fixed interest rate equal to the then 10 year

treasury note rate plus 150 basis points with payments based on a twenty-five year amortization schedule substantially, in accordance with the Request for Authorization presented to the Board (the Purchase and Sale Agreement and related documents are referred to herein collectively as the "Agreement"). The financing will be secured by an unsubordinated first mortgage on the property.

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 such Agreement or as any of the Authorized Officers acting singularly or alone shall deem necessary, desirable and without further specific action by this Board, and on behalf of the Corporation, such Authorized Officers are hereby authorized, 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 Agreement and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreement, including any and all deeds, agreements, contracts, certificates, licenses, assignments, and financing documents 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 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, 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.

VOTED: The forgoing authorization to sell the property to Gill Service, Inc. is subject to any approvals as may be required under the Quonset/ Davisville Lot Recording Agreement or applicable provisions of the Economic Development Corporation Act and the Quonset Development Corporation Act, including without limitation, referral to the Community Advisory Committee if appropriate.

Voting in favor were: Steven Campo, Robert Crowley, Kas R. DeCarvalho, Thomas Hazlehurst, Barbara Jackson, John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson.

Voting against was: None.

Unanimously approved.

Upon motion duly made by Mr. Rebecchi and seconded by Ms. Jackson, the Board:

VOTED: That the Corporation acting by and through its Chairman, Vice-Chair, Managing Director, or Finance Director, each of them acting singularly the "Authorized Officers" is hereby authorized to enter into, execute and deliver a Purchase and Sale Agreement and other agreements related thereto with Ocean State Testing, Inc., which will include financing for the purchase of the property in an amount equal to 80% of the land value for a term of ten years with a fixed interest rate equal to the then 10 year treasury note rate plus 150 basis points with payments based on a twenty-five year amortization schedule substantially, in accordance with the Request for Authorization presented to the Board (the Purchase and Sale Agreement and related documents are referred to herein collectively as the "Agreement"). The financing will be secured by an unsubordinated first mortgage on the property.

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 such Agreement or as any of the Authorized Officers acting singularly or alone shall deem necessary, desirable and without further specific action by this Board, and on behalf of the Corporation, such Authorized Officers are hereby authorized, 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 Agreement and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreement, including any and all deeds, agreements, contracts, certificates, licenses, assignments, and financing documents 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 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, 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.

VOTED: The forgoing authorization to sell the property to Ocean State Testing, Inc. is subject to any approvals as may be required under the Quonset/ Davisville Lot Recording Agreement or applicable provisions of the Economic Development Corporation Act and the Quonset Development Corporation Act, including without limitation, referral to the Community Advisory Committee if appropriate.

Voting in favor were: Steven Campo, Robert Crowley, Kas R. DeCarvalho, Thomas Hazlehurst, Barbara Jackson, John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson.

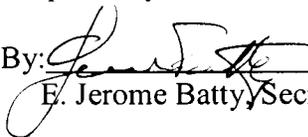
Voting against was: None.

Unanimously approved.

Mr. Kaplan noted that the article in the Sunday Providence Journal regarding the possibility of the NOAA ship coming to the Quonset port was very encouraging. Mr. Grout indicated that he had heard nothing official regarding this information.

There being no further business to come before the Board, upon motion duly made by Mr. Sams and seconded by Mr. Crowley, the meeting was adjourned at 5:40 p.m.

Respectfully submitted by:

By:  _____
E. Jerome Batty, Secretary