

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

PUBLIC SESSION MINUTES

February 27, 2007

A meeting of the Board of Directors of the Quonset Development Corporation (the "Corporation") was held at 5:00 p.m. on Monday, February 27, 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 were: 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 5:00 p.m. by Chairman Kaplan.

2. A. APPROVAL OF MINUTES:

Mr. Kaplan indicated that by request of many of the Board members, subcommittee reports would be added back to the agenda. Mr. Kaplan noted that there were no agenda items for this meeting as there were no subcommittee meetings scheduled prior to the Board meeting. Mr. Kaplan noted that it was important that the committees have the opportunity to report at the Board meeting.

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

VOTED: To approve the minutes of the Public Session meeting of January 22, 2007, as presented.

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.

B. MANAGING DIRECTOR'S REPORT:

Mr. Grout indicated that there would be a Strategic Planning Committee meeting on Monday, March 5, 2007, at 3:30 pm and an agenda would be posted.

Mr. Grout reported to the Board about a series of events that have occurred since last summer. Mr. Grout indicated that a successful production executive from California has been working with the Economic Development Corporation for a number of months looking at the opportunities related to infrastructure and the creation of production facility in the State of Rhode Island. Mr. Grout noted that one of the sites identified early on was at Quonset. EDC has encouraged a series of discussions regarding the potential opportunities at Quonset that has led to the encouragement of further conversations between the EDC, QDC, and New Boston Development Partners, LLC. The business opportunity relates to the creation of a production studio of approximately 400,000 square feet of office and studio space. Mr. Grout stated that the proposed production studio could possibly create 100 to 200 jobs in the production studio and that the office space component is intended to attract ancillary businesses to come to the site. Mr. Grout noted that there are still a number of issues to discuss but because the production studio would demand an amenities rich environment, there have been a number of synergies between New Boston Development Partners, LLC and the production studio. Mr. Grout further noted that while there is optimism for the project, there are still a number of hurdles to overcome, namely the equity gap on this estimated \$80M project. Mr. Grout noted that the site being looked at is Site 3 on the current status map which is comprised of 49 acres. Mr. Grout indicated that in order for the production studio to have a 400,000 square foot building, approximately 42 acres would be required.

Mr. Kaplan noted that it was important for the Board to be aware of these on-going conversations but has assured QDC and New Boston Development Partners, LLC that these conversations are in the early stages. Mr. Kaplan noted that more understanding of the economics of the project are coming to light but that these conversations were in no way intended to change the course of the conversation regarding the Gateway. Mr. Kaplan noted that while on the surface the project looks like an attractive opportunity, more details were needed before that determination could be made.

3. **APPROVAL REQUESTS:**

A. Appointment of new member to the Community Advisory Committee:

Mr. King referred the Board to Tab 2 of their packages to a memo that outlines the background of Mr. Peter Elleman. Mr. Elleman has been selected to replace Ms. Susan Miller who resigned from the Committee. Mr. King briefly reviewed the memo noting that Mr. Elleman is an active member of the North Kingstown community where he serves on the Leisure Services Committee as well as an active participant of the NCBC Davisville Restoration Advisory Board (RAB), a local advisory committee for the US Navy Environmental cleanup activity.

Mr. Patterson agreed that Mr. Elleman has played a key role in the Town of North Kingstown and Quonset in terms of the RAB and the Leisure Services Committee that has a substantial involvement with the golf course and Calf Pasture. Mr. Patterson noted that Mr. Elleman would be a great addition to the Community Advisory Committee.

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

VOTED: In accordance with the authority delegated to the Quonset Development Corporation pursuant to 42-64.10-1 et. seq. and by resolution of the Economic Development Corporation, the Corporation hereby appoints Mr. Peter Elleman to the Community Advisory Committee.

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.

Motion approved.

Mr. Kaplan congratulated Mr. Elleman and noted that the Community Advisory Committee is an important element of the planning process for Quonset.

B. Referral of Falvey Realty, LLC project to the Community Advisory Committee:

Mr. King referred the Board to Tab 3 of their packages regarding Falvey Realty, LLC. Mr. King noted that approximately nine months ago the Board approved a sale transaction for Falvey Realty, LLC to construct a two-story office building of approximately 30,000 square feet on Whitecap Drive in the Kiefer Park section of the Quonset Business Park. Mr. King noted that Falvey Realty has requested to construct a building that is 41 ½ feet in height, which exceeds the Town of North Kingstown's zoning regulations but is compatible with the regulations of Quonset Development Corporation. Mr. King noted that in light of this difference, QDC would like to refer the project to the Community Advisory Committee for comment before moving forward. Mr. King also referred to an email communication between himself and the Town of North Kingstown Town Planner regarding this process and the intention of QDC to refer the project to the Community Advisory Committee.

Mr. Patterson thanked Mr. King for including that email in the package.

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

VOTED: That the Corporation is directed to refer the Falvey Realty, LLC, project to the Community Advisory Committee in accordance with Section 42-64-13 G.L.R.I.

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.

Motion approved.

C. Modification to New Boston Development Partners, LLC Development Agreement and Authorization to enter into Phase 1 ground lease with New Boston Development Partners, LLC:

Mr. Kaplan opened the conversation by stating that the Gateway project has gone through a very long and thorough process. Mr. Kaplan repeated his comments from the January board meeting that because of the retail component of the project he felt it was very important that the Board receive and take serious note of the feedback and comments received from the Community Advisory Committee and the North Kingstown Town Council. Mr. Kaplan noted that these comments were in the Board package and that there have been many discussions with New Boston Development Partners, LLC, regarding these concerns.

Mr. Patterson addressed the Board regarding his concern over a possible conflict of interest for him to vote on the Gateway resolution. Mr. Patterson asked the Town Solicitor for the Town of North Kingstown to review the issue. Mr. Patterson noted that his feedback from the Town Solicitor was that since pursuant to the QDC Act, he is appointed by the Town of North Kingstown Town Council to the Board, there would be no conflict for him to vote on the Gateway resolution.

Mr. Grout referred the Board to their packages regarding the background materials for the Gateway. Mr. Grout turned the meeting over to Mr. King to review the changes made by New Boston in response to comments from the Town Council and Community Advisory Committee. Mr. Grout indicated that representatives from New Boston Development Partners, LLC, were also on hand to answer questions.

Mr. King distributed a memo from New Boston Development Partners, LLC, outlining the actions taken to address the concerns raised by the Town of North Kingstown, Grow Smart RI and the Community Advisory Committee. Mr. King reviewed the memo, which is attached for the record, with the Board.

Mr. Grout noted that the project meets the QDC's objectives for mixed use, hotel, office and retail space, providing an amenities rich environment to enhance market opportunities within the Quonset Business Park. Mr. Grout further indicated that the project complements the land use, will provide approximately 1,700 good jobs and relies on market economics and public partnerships, not subsidies to accomplish these objectives.

Mr. Grout further noted that QDC believes that smart growth objectives have been met in terms of density and replaces approximately 800,000 square feet of obsolete Navy buildings and replaces them with approximately 750,000 square feet of modern buildings. Mr. Grout indicated that this plan will also assist the Town of North Kingstown with the Post Road corridor plan.

Mr. Grout noted that the Town of North Kingstown concerns regarding buffering, traffic, pedestrian access, lighting and noise, and transit elements are all being addressed as well as a hotel and approximately 30,000 square feet of office space in Phase 1. Mr. Grout stated that the site is limited in density but that the parking regulations in terms of QDC's and the Town of North Kingstown's regulations have been met. Mr. Grout noted that there is not a lot of second story or mixed use buildings in the plan but that there was no market demand for this type of construction which in effect eliminates the discussions on shared parking, which works best with in a residential over office project.

Mr. Grout stated that there is no affordable housing or any housing component in the project because the Master Plan does not accommodate this option. Mr. Grout noted, however, that QDC is willing to remain open about the possibility of housing in a future transit-oriented project in West Davisville.

Mr. Crowley stated that New Boston has come a long way in trying to accommodate the concerns of the Town of North Kingstown and the Community Advisory Committee.

Mr. Patterson asked if it would be helpful to use the Town of North Kingstown's parking ratios for the project.

Mr. King noted that based upon his review of the Town's ordinance which stipulates one space for every 200 square feet for commercial and Quonset's regulations of five per 1,000 were the same. Mr. King further noted that Quonset's regulations for office space parking were actually more stringent than the Town's at one for every 200 square feet of net floor area.

Mr. Simpson referred to Mr. Grout's report to the Town of North Kingstown regarding Grow Smart RI's five recommendations for the Gateway project, three of which were being implemented. Mr. Simpson noted that one of the outstanding issues regards affordable housing, which he indicated as being much different than housing, and stated that it was important to define expectations with regard to Mr. Grout's desire to look to the Town of North Kingstown for guidance on this issue. Mr. Simpson noted that affordable housing is not in Quonset's Master Plan and asked whether or not that issue had any implications for the Gateway project.

Mr. Grout agreed that neither affordable housing nor housing were part of the Gateway project included in the Quonset Master Plan.

Mr. Simpson asked for further clarification on what type of guidance Quonset expects from the Town of North Kingstown relative to the housing issue.

Mr. Grout referred back to a prior Board meeting when the former Chairman indicated that Quonset looked to the Town of North Kingstown for guidance on this issue. Mr. Grout noted that there was a provision in a very early version of Quonset's Master Plan regarding workforce housing but that there was a strong reaction from the Town of North Kingstown against this notion. Mr. Grout noted that at the time, rather than getting into a lengthy discussion regarding this issue, workforce housing was struck from the Master Plan. Mr. Grout noted that as time went by there were more discussions on whether or not housing was an appropriate use of Quonset land. Mr. Grout noted that his direction from the Board was that housing was not the best direction for Quonset. Mr. Grout noted

that the issue has still been discussed because the Town of North Kingstown planner was able to persuade the Town Council to ask Quonset to consider housing in the Gateway project. Mr. Grout noted that the first Gateway concept plan did have more of a village layout with housing but did not get market acceptance and was ruled out early on in the project.

Mr. Grout also noted that there was some discussion about a 350 unit apartment complex in Phase 2 of the project. Mr. Grout noted that market rents do not support that type of a project, making it move toward a more affordable housing based project. Mr. Grout noted that there was a conversation with New Boston Development Partners, LLC, about this but it was finally concluded that it was too late in the planning process to include housing.

Mr. Grout noted that QDC still continues to receive inquiries about housing at Quonset but that there are some real practical concerns about housing because the area was a Superfund site and was remediated to a commercial standard, not to a residential standard. Mr. Grout noted that there may be places that housing is appropriate, namely in West Davisville, where there is a 40 acre site, which may be a possibility for transit-oriented development.

Mr. Grout noted that all of these alternatives have challenges but none of those issues have any bearing on the Gateway project at this time. Mr. Grout noted that QDC is open to further discussions on housing but not for the Gateway.

Mr. Rebecchi asked about the maintenance of the roads and Mr. King noted that all roads would be maintained by QDC except for the 403 exit ramp which is a State road.

Mr. Rebecchi asked if the members of Statewide Planning had actually been down to the Gateway site for a tour since they would be involved in the review process.

Mr. King indicated that no one from Statewide Planning had been for a tour of the proposed project site.

Mr. Kaplan noted that there had been a series of discussions between QDC, Statewide Planning and New Boston Development Partners, LLC, but that the Board needed to focus on the vote and that once the feedback had been received from Statewide Planning, the next steps in the process would be discussed.

Mr. Rebecchi stated that he asked if Statewide Planning had been for a tour of the site because he found that during his own tour, the Lowe's store which was the point of the most controversy is very far away from Post Road. Mr. Rebecchi felt that unless someone actually took the tour to see how far 8/10th's of a mile is from the road, the full impact cannot truly be determined.

Mr. Campo commented that the Town of North Kingstown planner did convince the Town Council to consider housing in the Gateway plan. Mr. Campo noted that he originally only saw the Gateway as commercial but did see the merits of the planner's concept in how some cities are now incorporating residential into their revitalization plans providing instant consumers for the area.

Ms. Jackson asked what the timing would be for office tenants for Phase 2.

Mr. Grout stated that the timing depends on the market. Mr. Grout noted that the office element is approximately 200,000 square feet which would cost approximately \$40M to construct. Mr. Grout indicated that it is unlikely that someone will build an office building on spec but instead would break ground when some tenants are in place. Mr. Grout noted that indications from marketing agencies are that the office park doesn't truly exist until the amenities are available such as the hotel and the other proposed amenities. Mr. Grout stated that this is why there is approximately 49,000 square feet of office space in Phase 1 of the project, which could be a one to two year supply.

Mr. Patterson noted that housing was not a big issue and that the issue was not brought up solely because of the Town Planner. Mr. Patterson noted that the Town of North Kingstown for years was interested in housing. Mr. Patterson noted that when the prior Chairman asked for Town leadership on the issue, the Town respected the view that it was too late to include housing in the Gateway project. Mr. Patterson noted that there is great promise in West Davisville for a transit-oriented development although there are hurdles to overcome.

Mr. Patterson asked what the next steps would be after the meeting if the project proceeds, in terms of who does what and when.

Mr. Kaplan noted that the proposed resolution authorizes the staff to proceed with lease discussions subject to the appropriate State approvals. Mr. Kaplan noted that once comments are received from Statewide Planning, the Board would come back and review those comments and determine how to move forward.

Mr. Grout noted that the next steps would be completion of a lease, ensuring the modifications are made to the Schedule A relative to the parcels in the plan as well as approval of the Master Plan.

Mr. King noted that after Board approval, like all other projects, the developer must go through QDC's design review process, the technical review process, obtain building permits, complete the traffic studies and receive DEM permits before the project can move forward.

Mr. Kaplan noted that as a late comer to the process he pressed on several aspects such as the amount of office space in Phase 1, the density concerns, and the Post

Road interface of the project. Mr. Kaplan also noted that New Boston Development Partners, LLC was forthright in all of their reasoning on the plan and that some changes had been made but that the changes reflected were as far as New Boston Development Partners, LLC was willing and able to go.

Mr. Batty clarified for the Board the resolution and walked through the various components of the vote and suggested two changes to the resolution in the package.

Mr. Simpson asked for monthly progress reports from the staff regarding the progress of the Gateway project.

Mr. Rebecchi stated that New Boston Development Partners, LLC had been chosen based on their financial resources and expertise to complete the project without asking for State funds. Mr. Rebecchi further noted that New Boston Development Partners, LLC, had been very flexible in working with QDC and the various parties involved in the project.

Upon motion duly made by Mr. DeCarvalho and seconded by Ms. Jackson, the Board adopted the following resolution:

RESOLUTION

WHEREAS, the Corporation and New Boston Development Partners, LLC (“New Boston”) entered into an Amended and Restated Development Agreement dated May 15, 2006 (the “Development Agreement); and

WHEREAS, the Corporation has determined that the road configuration initially set forth on Exhibit A to the Development Agreement must be changed and has prepared a revised Exhibit A delineating the new road configuration; and

WHEREAS, New Boston has determined through its marketing results that it is necessary to revise and amend the approved Master Plan for the development of the Gateway Project a copy of which revised Master Plan is attached hereto as Exhibit B; and

WHEREAS, New Boston by a letter dated September 18, 2006 has submitted a Letter of Development Intent for Phase I of the Gateway Project indicating that Phase I entails the development of approximately 370,000 square feet of retail space on approximately 34 acres; and

WHEREAS, the Corporation forwarded the plans for the Gateway Project to the North Kingstown Community Advisory Committee to the North Kingstown Town Council and to The State Planning Council.

WHEREAS, the Corporation's staff has prepared a letter dated February 9, 2007 to the Town Manager of the Town of North Kingstown addressing the issues and concerns raised by the Community Advisory Committee and the North Kingstown Town Council; and

WHEREAS, the State Planning Council is reviewing the Gateway Project.

NOW, THEREFORE, the Board adopts the following votes:

VOTED: That staff's response to the comments and suggestions received from the Community Advisory Committee and the Town of North Kingstown Town Council is approved by the Board and staff is directed to continue discussions with the Town of North Kingstown as plans for the Phase I development are further refined and developed.

VOTED: That the Board hereby directs staff to negotiate an amendment to the Development Agreement which will incorporate the following:

- (a) That Exhibit A attached hereto delineating the revised road configuration and parcels 1 -5 containing approximately 62.12 acres be substituted for Exhibit A to the Development Agreement.
- (b) That the revised Master Plan for the Gateway Project, attached hereto as Exhibit B be substituted for Exhibit B to the Development Agreement.
- (c) That the Amendment address the following:
 - (i) Traffic Study completion and review
 - (ii) Compliance with Quonset Development Agreement Performance Standards with respect to lighting and noise
 - (iii) Pedestrian linkage to Newcomb Rd. but no vehicular access
 - (iv) Extensive vegetative and berm buffering along Newcomb Rd.
 - (v) Completion of hotel as part of Phase I
 - (vi) Designation of area to accommodate public transportation

VOTED: That the Board approves the revised Master Plan for the Gateway Project attached hereto as Exhibit B, subject to the matters addressed in the foregoing vote.

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 an amended Development Agreement and a Ground Lease with respect to Phase I of the Gateway Project and other agreements related thereto, such amended Development Agreement and Ground Lease to address the matters set forth in the foregoing votes:

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 amended Development Agreement and Ground Lease 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 amended Development Agreement and Ground Lease 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 authorizations and votes are subject to any approvals as may be required under the Development Agreement or applicable provisions of the Economic Development Corporation Act and the Quonset Development Corporation Act.

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

Voting against were: Mr. Campo and Mr. Patterson.

Motion approved.

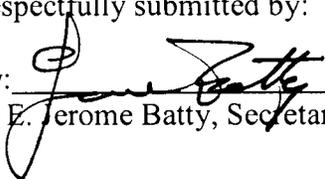
Mr. Patterson explained his no vote by stating that it was a difficult vote and that there were various pros and cons as well as views by various entities to be considered. Mr. Patterson noted that the exercise involved many presentations to the public where New Boston Development Partners, LLC, and QDC were very accommodating in the efforts to involve all parties. Mr. Patterson indicated that he was very appreciative of those efforts. Mr. Patterson noted, however, that he is worried about the impact that the two anchors will have on local businesses but noted that many businesses still manage to survive in the wake of big box developments. Mr. Patterson noted that he did not want Quonset to do nothing, nor did he want to dismiss the jobs that could be generated by this project. Mr. Patterson referred to the letter from the Town of North Kingstown dated February 5, 2007, and his major concern is that the Gateway proposal contains two big box stores and deviates from the village concept of the Gateway that was proposed during the original process. Mr. Patterson noted that he continues to look forward to the staffs working together as the project unfolds.

Mr. Campo noted that he does support development at Quonset and indicated that New Boston Development Partners, LLC, is a first rate developer. Mr. Campo noted that his no vote is because he does not want to send the message that the Town of North Kingstown and QDC are in total harmony and he looks forward to further negotiations and compromise on the project.

There being no further business to come before the Board, upon motion duly made by Mr. Crowley and seconded by Mr. DeCarvalho, the meeting was adjourned at 6:03 p.m.

Respectfully submitted by:

By: _____


E. Jerome Batty, Secretary