

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

May 11, 2009

PUBLIC SESSION MINUTES

A meeting of the Board of Directors of the Quonset Development Corporation (the "Corporation") was held at 4:00 p.m. on Monday, May 11, 2009, at the offices of the Corporation located at 95 Cripe Street, 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: James D. Berson, Robert H. Breslin, Barbara Jackson, John G. Laramee, Kas DeCarvalho, Richard L. Pastore, Sav Rebecchi, J. Michael Saul, and John G. Simpson. Director DeCarvalho joined the meeting at 4:49 p.m. Absent were: John A. Patterson and Keith Stokes. Also present were: Steven J. King, P.E., Managing Director; E. Jerome Batty, Secretary; Kevin M. Barry, Finance Director; members of the Corporation's staff and members of the public.

1. **CALL TO ORDER:**

The meeting was called to order at 4:05 p.m. by Chairman Saul.

2. **PRESENTATION ON "OPEN MEETING" LAW:**

Stacy DiCola of the Secretary of State's office presented a general overview of Rhode Island's "Open Meetings" law.

3. **APPROVAL OF MINUTES:**

Mr. Breslin noted that under "Operations" on page 3, 1st bullet, the word 'from' should be replaced with 'for'.

Upon motion duly made by Mr. Berson and seconded by Mr. Laramee, the Board:

VOTED: To approve the Public Session and Executive Session minutes of the April 20, 2009 meeting, as amended.

Voting in favor were: James D. Berson, Robert H. Breslin, Barbara Jackson, John G. Laramee, Richard L. Pastore, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

4. **APPROVAL OF OPENING MINUTES OF MARCH 16, 2009 EXECUTIVE SESSION:**

Mr. Rebecchi requested that page 3, paragraph 3 indicate that the letter referenced was not presented to the Board. Mr. Batty suggested adding the verbiage, "The written instrument not presented at the meeting".

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

VOTED: To approve to open the Executive Session minutes of the March 16, 2009 meeting, as amended.

Voting in favor were: James D. Berson, Robert H. Breslin, Barbara Jackson, John G. Laramee, Richard L. Pastore, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

5. **STAFF REPORTS:**

The Corporation's Managing Director, Mr. King, presented his report to the Board. Mr. King noted that the Dave's Market ribbon cutting at the Gateway is scheduled for May 15, 2009 and Board members were welcome to attend.

Development and Planning:

- We have executed a Letter of Intent with Deepwater Wind for 117 acres; 3 separate parcels in Commerce Park, North Davisville and Davisville Pier 1. Mr. Saul noted that Deepwater Wind has until June 30, 2009 to execute an agreement with QDC pursuant to the Joint Development Agreement. After a brief discussion, the Board decided to move the June Board meeting from June 15, 2009 to June 29, 2009 in order to have an up to date status on the agreement.
- NORAD lease for additional land has been executed. NORAD is awaiting the final water quality certificate from RI DEM to start construction of the parking improvements.
- Comprehensive Economic Development Strategy (CEDS) 2009 application has been submitted to Statewide Planning for consideration for future EDA funding. QDC is seeking \$1.4 million to make improvements to Pier 1.
- Tenant survey has been conducted in cooperation with the Small Business Development Center and RIPTA to gauge interest in bus service in the Park. 39 tenants responded and 28% reported that their employees have trouble with transportation and several indicated that they would like RIPTA to contact them directly to work with their employees to create transit options.

Construction:

- CRMC applications for the NOAA building project have been submitted. 4 proposals have been received and are being evaluated for the design of the Pier 1 improvements.
- Maritime Way - expect substantial completion by May 15, 2009.

- Bike Path progress continues and completion is expected on or about June 15, 2009.
- Land swap agreement with the Town of North Kingstown has been executed for the Mainsail improvements. The bid is expected to go out in July.

Operations:

- Building E319 improvements have been completed and the building is ready for lease by General Dynamics. The lease has been finalized and is expected back from General Dynamics this week.
- Hydrant Locks have all been installed except for approximately 10 locks on the Air Guard Base.

Port Operations:

- The Port Commission toured the Quonset facility on Friday, May 8, 2009.
- April 2009: 6 vessels discharging, 5858 new automobiles and 140 rail cars.

6. COMMITTEE REPORTS:

Audit Finance Committee:

Ms. Jackson advised the Board that the Audit Finance Committee met on Monday, May 4th. The Committee was presented with a general overview of the 2010 budget, reviewed and recommended the PILOT agreement (to be voted on by the Board), and discussed the need for the Audit Finance Committee and the Strategic Planning Committee to join together and review the sustainability study.

Strategic Planning Committee:

Mr. Simpson advised the Board that the Strategic Planning Committee met on Thursday, May 7th. The Committee commented on the outline of the Operating Plan and the Operating Goals, which the Committee has renamed, the Critical Success Factors. Final documents will be presented at the next Board meeting. Finally, Mr. Simpson reinforced the need for the Strategic Planning Committee and the Audit Finance Committee to meet and create an integrated Operating Plan.

7. APPROVAL REQUESTS:

A. Approval of Extension of Pilot Agreement with Town of North Kingstown:

Mr. King advised the Board that the current 5 year PILOT agreement with the Town is set to expire on June 30, 2009. Under the current agreement, QDC collects the PILOT from the Park residents and transfers it to the Town quarterly. Mr. King first stressed his concern that if the current agreement expires, the Park residents will not know how to pay their PILOT to the Town. Secondly, Mr. King explained the current PILOT formula uses a cap rate which is translated into a multiplier of rent to come up with a value of the property against which to apply the tax rate. Based on a recent audit of property value, a gap was recognized between the cap value and current property value. Mr. Embury, Town Manager, has advised QDC that the town is currently undergoing a statistical reevaluation of their properties. As a result, the

Town and the Corporation have decided to wait until the data has been collected and evaluated prior to adjusting the multiplier and coming up with a new value. Mr. King noted that there was very little effect to the residents for the current year as the Town is looking to increase their tax rate from \$13.83 to \$13.96 (For example, a tenant that has 10 acres of land,\$15,000 per acre, would see an increase of only \$214.00). Mr. King requested that the Board approve a one year extension on the current agreement due to these factors.

Mr. DeCarvalho joined the meeting at 4:49 PM.

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

VOTED: That the Corporation acting by and through its Chairman, Vice-Chair, Managing Director or Finance Director, each of them acting alone the "Authorized Officers" is hereby authorized to enter into, execute and deliver a one year extension of the Pilot Agreement entered into between the Corporation and the Town of North Kingstown ("Agreement").

VOTED: That in connection with the above resolution, 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 the foregoing resolution 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.

Voting in favor were: James D. Berson, Robert H. Breslin, Barbara Jackson, John G. Laramée, Kas DeCarvalho, Richard L. Pastore, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

B. Approval of Retention of Audit Firm:

Mr. Barry advised the Board that every three years, a RFP goes out for a new audit firm. There were 7 respondents to the RFP and Braver PC was the lowest bidder. Braver PC has been QDC's auditing firm for the last three years and Mr. Barry noted that the Corporation has been pleased with their work. Additionally, the selection has been approved by the Auditor General's Office and by the Department of Administration.

Mr. Barry advised the Board upon questioning, that the RFP went out to audit firms that had bid in the past and was advertised. Mr. Barry also noted one error on the Board package spreadsheet identifying the fees; the year 2010 was listed twice and the last year should be 2011.

Mr. Berson asked the Audit Finance Committee Chair what was the Committee's opinion of the auditing firm. Ms. Jackson stated that the Committee has been satisfied with Braver PC and recommended that the Board approve the vote.

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

VOTED: That the Corporation acting by and through its Chairman, Vice-Chair, Managing Director or Finance Director, each of them acting alone the "Authorized Officers" is hereby authorized to retain The Braver Group as the Corporation's audit firm substantially on the terms presented to the Board.

Voting in favor were: James D. Berson, Robert H. Breslin, Kas DeCarvalho, Barbara Jackson, John G. Laramée, Richard L. Pastore, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

C. Approval of Sale to Pezco, Inc. (LJM Packaging, Inc.):

Mr. King informed the Board that the LJM Packaging, Inc. transaction is very similar to the transaction that was completed a few months ago for Custom Design. Mr. King noted that LJM Packaging, Inc. has been a long term tenant in the Park since 1996, when they entered into a lease agreement with the Navy. LJM Packaging, Inc. currently has 55 employees and the company is profitable. The 1996 agreement was essentially an installment sale and at the expiration of the lease, LJM Packaging, Inc. has the option to buy the property for \$1.00. The current lease is set to expire on January 31, 2011 and the buyer is seeking to accelerate the balance of the lease payments in order to purchase the property. Mr. King notified that Board that there is an additional 9/10^{ths} of an acre of land lying between the current leased property and the railroad tracks adjacent to Davisville Road included in the agreement. Mr. King explained that this land will essentially be a loss if not sold to LJM Packaging, Inc. The negotiated price for the additional land is \$67,500. The final price would be \$194,550 to include the balance of the lease payments and the additional land.

Mr. King confirmed for Mr. Rebecchi that any improvements to the land will have to conform to the Development Package.

Upon motion duly made by Mr. Laramée 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 alone the "Authorized Officers" is hereby authorized to enter into, execute and deliver a Purchase and Sale Agreement, and other agreements related thereto with Pezco, Inc. or its nominee substantially in accordance with the Request for Board Authorization presented to the Board (the Purchase and Sale Agreement and related documents are referred to herein collectively as the "Agreement").

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.

Voting in favor were: James D. Berson, Robert H. Breslin, Kas DeCarvalho, Barbara Jackson, John G. Laramée, Richard L. Pastore, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

The Board took a brief recess at 5:14 PM and the meeting resumed at 5:17 PM.

8. **DEEPWATER WIND PRESENTATION:**

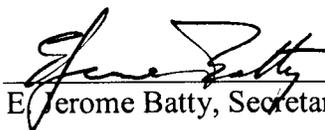
Jim Lanard, Managing Director for Deepwater Wind, presented the Board with an overview of the Deepwater Wind project.

- Deepwater Wind's sole focus is offshore wind power
- Deepwater Wind is owned by DE Shaw & Co and FirstWind
- Deepwater Wind won the right to invest in RI projects through an extensive competitive selection process
- Deepwater Wind's partnership with PSEG was also selected as preferred developer by the State of New Jersey
- Currently large-scale land based wind power is not accessible to East Coast population centers
- Offshore wind is RI's largest potential source of renewable energy
- Benefits to RI include:

- a. Economic Benefits
 - Tourism
 - Jobs (800)
 - Stable energy prices
 - Cost of mandated carbon mitigation strategies
 - Fisheries
- b. Ecosystem protection
- c. Viewshed Protection
- Deepwater Wind's Current Development Activities:
 - a. Provided \$3.2 million to State's Renewable Energy Fund
 - b. Operating avian radar on Block Island
 - c. Erecting meteorological tower in next few weeks
 - d. Negotiating 100 acre lease at Quonset (3 parcels in West Davisville, Commerce Park and Davisville Pier 1)
 - e. Working with Legislative leaders on law requiring long term power contracts for Rhode Island- generated renewable energy
 - f. Preparing permit applications for Block Island project
- Needed to get the Industry going:
 - a. Federal permitting
 - b. State permitting
 - c. Power Purchase Agreements
 - d. Ports – fabrication and staging
- Recent changes in Federal policy:
 - a. MMS rules announced by President Obama on Earth Day (April 22, 2009)
 - b. Rules go into effect on June 28, 2009
 - c. Deepwater Wind now able to prepare OCS lease applications

There being no further business to come before the Board, upon motion duly made by Mr. Pastore and seconded by Mr. Laramée, the meeting was adjourned at 6:52 p.m.

Respectfully submitted:

By: 

 E Jerome Batty, Secretary