

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

PUBLIC SESSION MINUTES

May 15, 2006

A meeting of the Board of Directors of the Quonset Development Corporation (the "Corporation") was held at 5:00 p.m. on Monday, May 15, 2006, 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: Robert Crowley, Kas R. DeCarvalho, David A. Doern, Barbara Jackson, Thomas Hazlehurst, Anthony F. Miccolis, Jr., John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson. Also present were: Saul Kaplan, 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 Geoff Grout. Mr. Grout gave a brief introduction of Mr. Saul Kaplan, the new Director of RIEDC and new Chairperson of the QDC Board.

Mr. Batty then discussed the appointment of Mr. Kaplan by the Governor to the position of Director of RIEDC and the QDC Board and the need for the approval of the Senate for Mr. Kaplan to act as Chairperson of the Corporation and to participate in voting as a member of the Board. Mr. Batty suggested that the Board vote to allow Mr. Kaplan to participate in the Board meeting with the understanding that he would not vote until his confirmation by the Senate.

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

VOTED: That Saul Kaplan be invited to participate in and lead the meeting, but that he will not be counted for purposes of determining a quorum, will not vote in any matter before the Board, and will not act in the capacity of Chairman of the Corporation.

Mr. Crowley asked Mr. Kaplan when the Senate would act on his nomination.

Mr. Kaplan indicated that he did not know the time frame for the Senate's consideration of his appointment. He stated that he is looking forward to working with QDC Board members and QDC Staff.

2. APPROVAL OF MINUTES

Mr. Miccolis pointed out that there was a typo on the April 17th minutes. On Page 3, Section 3(c), the word "makes" should have read "makers."

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

VOTED: To approve the minutes of the Public Session meeting of April 17, 2006, as presented to the Board with the correction noted by Mr. Miccolis.

Voting in favor were: Robert Crowley, Kas R. DeCarvalho, David A. Doern, Barbara Jackson, Thomas Hazlehurst, Anthony F. Miccolis, Jr., John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson.

Voting against were: none.

Unanimously Approved.

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

VOTED: To approve the minutes of the Executive Session meeting of April 17, 2006, as presented to the Board.

Voting in favor were: Robert Crowley, Kas R. DeCarvalho, David A. Doern, Barbara Jackson, Thomas Hazlehurst, Anthony F. Miccolis, Jr., John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson.

Voting against were: none.

Unanimously Approved.

4. STAFF REPORTS

A. Planning and Development Services

Mr. King discussed the Housing and Planning memo in Tab 2 of the May 15th Board Package.

Mr. Simpson asked Mr. King to give clarity with relation to whether or not housing is included in Quonset's Master Plan.

Mr. King stated that there was no legislative documentation that states that Quonset cannot have housing. The only written documentation that excludes housing for Quonset is the Master Plan.

B. Finance

Ms. Lake stated that there will be a request for ratification later on in the meeting relative to the selection of an audit firm.

C. Managing Director's Report

Mr. Grout reported on his recent trip to the ULI and the Industrial Office Park Council. Infrastructure was a key topic at the Industrial Office Park meeting. Business parks that have developed infrastructure have a huge advantage.

Mr. Grout advised the Board that the Marina Development Project is moving forward. He stated that the selection process for Marina Developers will follow the same format as the Gateway Project.

Ms. Jackson asked Mr. Grout if the information about the Marina Project was on the QDC website.

Mr. Grout responded that it is not yet posted on the website but it will be shortly.

Mr. Grout updated the Board on the CBRE agreement and the New Boston Development Partners, LLC agreement for the Gateway Project.

Mr. Grout referenced the handout that was passed out to Board members regarding Lease vs. Sale strategy. He advised the Board that there would be a discussion later in the meeting regarding the policy.

4. QUONSET DEVELOPMENT CORPORATION COMMITTEE REPORTS:

A. Strategic Planning: Mr. Simpson stated that the Committee believes it is vital to establish Quonset as a national quality business park. In order to do so, a sound balance of lease vs. sale strategy must exist. Mr. Simpson referenced a lease vs. sale memo and map that was handed out to Board members at the April 17, 2006, meeting.

Mr. Simpson also thanked Mr. Patterson and Mr. Miccolis for agreeing to meet about the Municipal Services Agreement.

Mr. Grout stated that in order to develop a market strategy there must be two components:

1. Large tract developers
2. Infill Parcels

Mr. Grout identified infill and large tract parcels on the map. He stated that the lease vs. sale memo was to clarify the Board policy on the sale strategy. Three parcels of land were taken off the "For Sale" list.

Mr. Grout stated that Quonset has made huge progress as there is very little land left to sell.

Mr. Grout discussed the possibility of CAM charges for common areas and maintenance charges to create a park-like atmosphere.

Mr. Patterson asked what criteria is used for property to determine lease vs. sale. He asked if the waterfront is a logical place for lease?

Mr. Grout responded that the memo states what the criteria is.

Mr. Patterson then asked what was happening with the lot near Ocean State Job Lot.

Mr. Grout answered that the property is being held back for the Hummingbird site. It is still QDC's intention to go under a long term ground lease with that parcel.

Mr. Kaplan updated the Board on the status of Hummingbird. He spoke with a consultant from Bristol-Myers Squibb (BMS) who stated that QDC is still one of the remaining four sites. BMS is 4 – 6 weeks away from coming to a final decision.

Mr. Patterson asked about a parcel in West Davisville.

Mr. Grout indicated that the land is being held to see what happens with transit oriented development. He indicated that Quonset is not ready to give up that 40 acres in Davisville.

Mr. Sams asked how close the QDC is to a decision on transit oriented development.

Mr. Grout indicated that QDC staff was unaware of any change in the DOT's decision on Wickford Junction; therefore, there is no urgency to sell or lease this parcel.

Mr. Miccolis indicated that Wickford Junction is scheduled to begin construction next year.

Mr. DeCarvalho asked if there were any alternatives to developing a Municipal Services Agreement with the Town.

Mr. Grout reviewed options that have been discussed by the Strategic Planning Committee. The options include:

1. Legislative change for Quonset to become a special improvement district.
2. Quonset to become a Special Development District.

Mr. Grout stated that Quonset uses its cash flow for maintenance and that roads are an issue with relation to a Municipal Services Agreement.

Ms. Jackson stated that the Strategic Planning Committee discussion was focused on how to provide a world class business park. Ms. Jackson expressed the Committee's concern for infrastructure and the Town's lack of support. Ms. Jackson discussed how important a Municipal Services Agreement is to the development of Quonset Business Park.

Mr. Grout stated that the goal is to get a document with clarity agreed upon between QDC and the Town of North Kingstown. This document would determine what roads are private and what roads would be the responsibility of the Town of North Kingstown.

Mr. Simpson stated that the MSA is not about QDC vs. the Town. It is about the current residents of Quonset Business Park and the future residents. The parties need to identify how the needs of the residents will be addressed.

Mr. Miccolis proposed that there be an agenda item for the next Board meeting to discuss lease vs. sale strategy.

Relative to the Municipal Services Agreement, Mr. Patterson suggested that each party have a list of items that each would like to address. He suggested that based on the history of the relationship between QDC and the Town, both parties should go over items one by one instead of trying to finalize a grand document.

Mr. Simpson stated that infrastructure is vital and used the roads as an example. He indicated that the Committee had a list of what is important to Quonset's residents.

Mr. Grout indicated that the QDC has not yet received the Town's "wish list" for the MSA.

- B. Finance: Mr. Crowley updated the Board on the review of compensation for QDC Senior Management. He noted that the Finance Committee will be working with Millbrook Partners, a human resources consulting agency to further review compensation.

Mr. Crowley then discussed the ratification of the new audit firm for fiscal year ending June 30, 2006. Mr. Crowley stated that one of the three firms bidding on the audit had presented a bid that was approximately 50% lower than the other two bidders. Mr. Crowley noted that the Committee was concerned that a quality audit be performed and that a substantially lower bid is of concern from the standpoint of cost cutting by the firm. Mr. Crowley referred the Board to Tab 6, which is a memo from Rick Reed regarding the selection process.

Mr. Crowley indicated that based upon the information presented, the Audit Finance Committee recommends ratification of the RI EDC vote with reservations based on the concern for a quality audit. Mr. Crowley also indicated that Mary Lake would be responsible for ensuring the quality level for QDC with regard to the conduct and completion of the audit firm.

- C. Marketing: Mr. Hazlehurst updated the Board on the Marketing Committee's meeting in which the Committee discussed CBRE, New Boston Development and Dartmouth Company's involvement in the Gateway project. Mr. Hazlehurst indicated that the Gateway Project was making good progress with the firms mentioned. New Boston is willing to provide monthly status reports on the Project.

D. Governance: Mr. DeCarvalho informed the Board that there was no Governance Committee meeting in May. However, he indicated that all Board members are invited to attend the June 19th Governance Committee meeting where Mr. Jason Gramitt from the RI Ethics Commission will discuss conflicts of interest. Mr. DeCarvalho noted that this is a very timely subject in light of the recent issues with Beacon Mutual Insurance.

5. APPROVAL REQUESTS:

A. Transactions:

1. Approval of Virginia Transportation Corporation Sale:

Mr. Matthews reviewed the sale to Virginia Transportation Corporation. The buyer is ZYX LLC dba Virginia Transportation Corporation which intends to purchase lot 33 and lot 32 containing 4.8 acres for a total purchase price of \$768,000.

Mr. Miccolis asked Mr. Matthews why this is a sale transaction instead of a lease.

Mr. Matthews responded that Virginia Transportation Corporation indicated that they did not wish to lease the property.

Mr. Patterson asked why we did not reject the proposal if they were not willing to lease.

Mr. Grout responded that the staff recommendation was to sell the property. Mr. Grout reminded Mr. Patterson that the plan was to sell infill parcels. He reminded Mr. Patterson that the Board was asked to table the sale at the April Board meeting.

Mr. Crowley stated the small parcels should be sold.

Mr. Patterson asked why the Strategic Planning Committee recommended a sale.

Mr. Rebecchi told Mr. Patterson that this was a compromise.

Ms. Jackson pointed out that she was an advocate of the "Do Not Sell" policy.

Mr. Doern discussed the Strategic Planning Committee's vision of the Quonset Business Park 20 years from now and what property values would look like with and without planned infrastructure. The QDC needs a plan for long term maintenance of the Park to preserve value.

Upon motion duly made by Mr. Sams and seconded by Mr. Crowley, the following vote was adopted:

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 ZYX LLC dba Virginia Transportation Company 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").

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 and assignments, 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: Robert Crowley, Kas R. DeCarvalho, David A. Doern, Thomas Hazlehurst, Anthony F. Miccolis, Jr., John A. Patterson, M. Paul Sams, and John G. Simpson.

Voting against was: Sav Rebecchi.

Abstaining: Barbara Jackson.

Motion approved.

2. Approval of Jewelry Concepts, Inc. Sale:

Mr. Matthews reviewed the sale of plat 183, lot 48 to Jewelry Concepts, Inc. containing 3.43 acres for \$600,000. Jewelry Concepts, Inc. is a Rhode Island jewelry manufacturer who wishes to build their corporate headquarters and manufacturing facilities on this property.

Mr. Patterson asked Mr. Matthews if this property was once the site for the proposed fire station.

Mr. Grout suggested that this may have been a conversation in the past.

Mr. King also recalled that this may have been the lot but discussions were never formalized.

Mr. Simpson pointed out the intended use for the building was listed as a "signature building".

Mr. Grout stated that the design review for this lot was important because of the location on the road.

Mr. Matthews told the Board that the client expressed interest in a site to build a building to showcase their business.

Upon motion duly made by Mr. Crowley and seconded by Mr. DeCarvalho, the following vote was adopted:

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 Jewelry Concepts, Inc. 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").

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 and assignments, 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: Robert Crowley, Kas R. DeCarvalho, David A. Doern, Thomas Hazlehurst, Anthony F. Miccolis, Jr., John A. Patterson, M. Paul Sams, and John G. Simpson.

Voting against was: Sav Rebecchi.

Abstaining: Barbara Jackson.

Motion approved.

B. Finance:

Ms. Lake requested that the Board ratify the RIEDC vote to retain the auditing firm of Prescott, Chatellier, Fontaine & Wilkinson, LLC, to perform audit services for QDC as recommended by the Audit-Finance Committee.

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

VOTED: That the Corporation retain the services of Prescott, Chatellier, Fontaine & Wilkinson, LLC, to perform audit services for the Corporation for the year ending June 30, 2006, and that the Managing Director or Finance Director, each of them acting singularly is hereby authorized to enter into and deliver an Agreement with Prescott, Chatellier, Fontaine & Wilkinson, LLC, for such services.

Voting in favor were: Robert Crowley, Kas R. DeCarvalho, David A. Doern, Barbara Jackson, Thomas Hazlehurst, Anthony F. Miccolis, Jr., John A. Patterson, Sav Rebecchi, M. Paul Sams, and John G. Simpson.

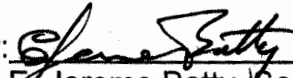
Voting against were: none.

Unanimously approved.

6. MOTION TO ADJOURN:

There being no further business to come before the Board, upon motion duly made by Mr. DeCarvalho and seconded by Mr. Doern, the meeting was adjourned at 6:19 p.m.

Respectfully submitted by:

By: 
E. Jerome Batty, Secretary